

Musée Rodin, Paris

Rodin and literature

by DENYS SUTTON, Editor of Apollo



Rodin: Bust of W. E. Henley

The character of the summer visitor to the Musée Rodin in the Hôtel Biron, Paris, does not change over the years and one sees young couples holding hands and gazing at the more erotic of Rodin's sculpture in the same way as did their predecessors.

On the other hand, the museum looks brighter than it used to. When some years ago I wrote a book on this artist, attempts to visit the archives or to study in the reserves were simply refused and one student showed enterprise in hiding in the staircase and searching for material at night. I never went to these lengths but I did hand my little "pot au vin" to a guard at the Musée Rodin at the material in the basement. A new mood is evident in the museum, the museum is presenting an instructive exhibition on Rodin and the writers of his time. The catalogue, which is well printed and illustrated, contains some of the material that I suspected was in the archives. It prints extracts or complete letters and mentions the existence of lengthy correspondence. In any event, the show now permits one side of Rodin's activity to be seen in a way that hitherto has proved impossible.

The relationship between art and literature was a strong one in the 19th century. Many men of letters, especially in France, were friends of artists and wrote about their work, so it is not surprising that Rodin had a considerable literary circle. His relatively well-read and the writings of certain authors had a profound influence on him.

As this exhibition is concerned only with 19th century writers, the place is given to the writers of the 19th century. Many of the writers who were deeply affected by Rodin's work and his most important and impressive composition, *The Gates of Hell*, was inspired by him. Before him, Delacroix and Carpeaux had found inspiration in Dante, and this writer meant much to the Romanticists and across the Atlantic, found a champion in C. E. Norton of Harvard.

Rodin and Victor Hugo had much in common, though the poet was his senior; both were masters of pathos. Rodin had the good fortune to know him and the bust that resulted gives an excellent impression of Hugo's sensibility, and so do the thumbnail sketches which are on view. Unfortunately he had considerable trouble in executing the proposed two monumental reliefs, as may be seen from the various sketches that exist.

His famous monument to Balzac occasioned immense controversy but it is one of his most striking and successful achievements, in which the vitality and

intellectual power. Baudelaire's poems fascinated Rodin and he undertook to illustrate an edition of the *Œuvres complètes*. Although his drawings effectively evoke some of the most famous poems, by no means all of them were especially done for the edition and he adapted them from other compositions.

The drawings for the *Œuvres complètes* of Baudelaire, or connected with it, frequently show Rodin's delight in the material, and bring out the individual character of his style; some of his pen sketches have the character of Proust's works. They remind us of the eclecticism of Rodin's art and of his wide artistic culture, for he was interested in Far Eastern art, as well as Western art.

The changes that took place in Rodin's development are not so easy to chart from his sculpture, although with the years he was more interested in producing small experimental pieces than engaging in large-scale efforts. His developed style is clearly seen in his style as a draughtsman and by the time, 1898, that he accepted a commission from Ambroise Vollard to illustrate Octave Mirbeau's *Le Jardin de Supplices* (1902), his handling, as seen in the lithographs and sketches connected with the book, had become much more refined. The exhibition shows that Rodin made busts of various writers, Mirbeau, Barrès, Barbey d'Aurevilly, Roger Marx, Gide, and Clemenceau among them, portraits that provide telling and remarkable insights into character.

Two busts are of Bernard Shaw and W. E. Henley, the second being a brilliant and vivid appreciation of a complex personality, who had won Rodin's friendship. Henley turned to him for comfort after his wife and daughter died, and the draft of the address which Rodin gave at the unveiling of the bust in the crypt of St. Paul's shows the warmth of their feelings. For Henley, Rodin and Conrad were the only artists of supreme value in his time. It is as well to recall that Rodin was much appreciated in England during the years of the Entente Cordiale.

South Bank Summer Music

by MAX LOPPERT

By the continued popularity of the Summer Music enterprise, just into its ninth season, it is measured London's desire for chamber and small-orchestral music at all times of the year. This year Neville Marriner's programmes feature Mendelssohn and Schumann; the celebration of four anniversaries: some favoured young instrumentalists, including pianist Perahala and the Vermeer Quartet; and what promises to be a delectable single evening of vocal quartets. The critic who wants new music even a single commissioned new work, some show of recognition that music is being composed today, is as ever unsatisfied; but the head of the concert is otherwise undeniably attractive. Sunday's opening concert, given by the Academy of St. Martin's at the Festival Hall, won a large audience.

Mr. Marriner is a popular and in some quarters greatly admired conductor. To these ears his musical direction encourages performances all too often like the musical equivalent of a saved-fruit arrangements—meticulous in detail, careful in composition, essentially lifeless. Opening and closing works of the evening, Mendelssohn's Italian Symphony and the Bartók Music for Strings, Percussion and Celesta—the former rendered without any show of leaping Romanticism, the latter quite devoid of pulsating excitement—drew such performances: admirable in the care taken over string textures, blend and balance, centrally inspired. The orchestra played in the curtained arched fashion—diverting to look at, it may have dried out the tone even more than is usual at the Festival Hall.

Happily, vivid soloists were on hand. The sound of the modern pianoforte is so patently absurd as protagonist in the Weber *Konzertstück* and as obligato in Mozart's concert aria "Ch'io mi scordi di te", that the greatest finesse of touch, resource of nuance in flourish, delicacy of rhythmic control is necessary to restore the balance. (Mighty! there be, in some future South Bank Summer Music season, a place for performances on forte-pianos and early concert grands?) Garrick Ohlsson, the young American pianist, is not yet the kind of player so dazzling and bewitching in his layout of Weber's delightful textures and gestures, that Romantic sparkle is achieved despite the blank sound of the instrument. But his command of tone is exceptionally pure, his fingerwork unsmudged, his tracing of line clean; and so there was strong if not complete pleasure to be taken in his playing.

About Jessye Norman, soprano in the Mozart, no qualms—indeed almost complete surrender. (That final stage will be reached when Miss Norman's Italian pronunciation is as exact as her tone is rich, radiant and supple.) There was a soft, yielding beauty, and at the same time a composed dignity, in her every utterance, made more affecting by tone phrasing of the lines and by the stylistic niceties that craved the performance into blunt outlines—well, almost none in the repetition of "Come tentaro!" at the end of the recitative, the second appoggiatura was in place, but, strangely, not the first; and some finely turned cadenza elaborations. Miss Norman had earlier demonstrated the same qualities in an excerpt from Haydn's *La vera costanza*—eloquently patterned recitative and then a dramatically urgent aria to provoke question, once more, about the received ideas of Haydn's operas as essentially undramatic.

New York theatre

Guys, Dolls and things

by GEORGE OPPENHEIMER

In the middle of the summer, customarily a time of doldrums in the theatre, has come a smash hit in blackface. When I first heard of the plan to revive one of my all-time favourite musicals with a black cast, I had apprehensions. I was wrong. The show almost measures up to the original book by Abe Burrows and Jo Swerling and the lovely music and lyrics by Frank Loesser.

There are flaws but not too many of them. The scenery is decidedly tacky as compared to the original and Sky Masterson, the inveterate gambler, as played by James Randolph is a trifle stodgy although possessed of a fine voice.

However, Ernestine Jackson not only sings well but is altogether charming as Sister Sarah, whom Sky takes to San Juan, Puerto Rico (it used to be Havana) for lunch on a thousand-dollar bet, and then falls for her. As the sparring lovers, Nathan Detroit and Miss Adelaide, Robert Guillaume and Norma Donaldson are excellent. Miss Donaldson's "Adelaide's Lament" is still a comic masterpiece in which she sings that "a person can't look at not to hear. It is not the same tricks and I was too keen about that. A first-rate actor, Paul Rudd, plays the King in so surly a fashion that I cannot believe the French princess, beautifully acted by Meryl Streep, would have given him the time of day. Blaine Papp not Rudd.

In Stratford there were two more lambastings of the Bard, both directed by Michael Kahn. The Winter's Tale was lovely to look at but not to hear. It is not one of my favourite Shakespeare plays with its silly premise and sillier motivations and this production only served to increase my dislike. The country scenes, in particular, were not so much pastoral as past belief.

The second Stratford offering was *As You Like It*, it decided improvement on *Winter's Tale*, but nothing to write home about especially as you reached home (gratefully) after the performance. Alleen Atkins played Rosalind with her usual enchantment (although she looked a bit

the house with his rendition of "Sit Down You're Rocking the Boat". My only regret is that Frank Loesser died too soon to see the triumph of his happy musical.

Shakespeare has been taking beating not alone by pop at his free Shakespearean productions in Central Park but by Michael Kahn up at Stratford-on-Hudson in Connecticut. Papp's Henry V, which he directed, or rather misdirected, could not hold a candle to the Royal Shakespeare's production of the same play and I was too keen about that. A first-rate actor, Paul Rudd, plays the King in so surly a fashion that I cannot believe the French princess, beautifully acted by Meryl Streep, would have given him the time of day. Blaine Papp not Rudd.

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National Youth Theatre summer season

The National Youth Theatre opens on August 18 and plays until September 4. It is followed on September 8 by a production of *Cordellius* in a Prussian setting at the time just before the First World War.

They open with a new play by Barrie Keeffe, *Here Comes the Sun*, which deals with girls on a package holiday on the Costa Brava. This runs from August 18-25 at the Jeannette Cochrane Theatre, Southampton Row.

It will be followed there by another new play, *Stop Night*, by Willis Hall, about a riotous night with a youth football club. This runs from August 31 to September 11.

At the Shaw, The Bread and Butter Theatre, by Peter Forsyth, *Three Sisters* runs from August 11 for a limited season.

Two Chekhov plays in the West End

Jonathan Miller's production of Chekhov's *The Three Sisters* has had its season at the Cambridge Theatre, London, extended into September and will be joined in the West End by Alan Bates in Chekhov's *The Seagull* at the Duke of York's Theatre from August 11 for a limited season.

Bayreuth Festival

Der Ring des Nibelungen—1

by RONALD CRICHTON

Pierre Boulez first appeared at Bayreuth ten years ago, and has returned for three subsequent festivals. This year he has been entrusted with the new Ring celebrating the double centenary of the opening of the Festspielhaus and of the first performance of the complete four-ring work. The choice of a Frenchman is not surprising at a time when internationalism has permeated even a musical centre that had become, to many German eyes at least, a shrine of nationalism. In any case, the effect of Wagner's Ring culture in the second half of the 19th century was electrifying—not only on musicians, but on writers and artists.

In France, where the word "rules the best" (and where one is sometimes asked to the conclusion that people would rather listen to it) it was the writers, not the musicians, who made the most noise about Wagner. Chabrier, Duparc, Debussy and many other composers may have been knocked sideways and reacted to the potent magic in their various ways (Debussy's bitter hostility being the most revealing testimony of all to Ring's dangerous power), but the priests of the new religion were (in the early years) Berlioz, Nerval, Gautier and Mallarmé, even Valéry, and a profile sketch of the Ring has already shown that attracted them was the question of musical dramaturgy—the fact that words and music stamped out from the same brain, an alliance that had appealed to the French since the literary mind since the early days of opera.

The traffic between Wagner and the French did not flow in one direction only. In his gallery, especially in the second scene, days in Paris Wagner absorbed the music of the old French operas, and later, conducted it in a German manner. Moreover, much of sharper, more tingling than one his formidable theatrical craft ever expected to hear coming he owed to the Paris stage, at from the deep Bayreuth pit. One that period far more advanced couldn't but notice a French than German theatre (the sub-ject of *French Wagnerian* cul-

tural links is treated at length in article by Ruth Henry and Walter Menck published in this issue). The first act of *Der Ring* from a fresh angle, does not come to the work as an outsider while (whatever one may think of the result) he brings to the problems of staging it a degree of intelligence and knowledge of later musical developments, scarcely rivalled among opera conductors to-day.

The first thing to be said about the new Bayreuth Ring is that it has been mounted in a period of time (say about two months) which would seem impossible short in opera houses not limited to brief annual festivals of a fixed repertoire where a new Ring is normally spread over two or more seasons. With the Ring, Boulez has shown that still to come it would be rash to speculate how far a certain unaltered quality in the staging is due to unreadiness or stylistic choice—this is the second eye, and judging by accounts it is going more smoothly than the first. Even so, the wisdom of expecting a half-fledged, if exceptional, Wagnerian conductor and an untutored producer (of whom more later), to come up with more than a few brilliant dabs at an early years) Berlioz, Nerval, Gautier and Mallarmé, even Valéry, and a profile sketch of the Ring has already shown that attracted them was the question of musical dramaturgy—the fact that words and music stamped out from the same brain, an alliance that had appealed to the French since the literary mind since the early days of opera.

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Pilgrim Trust gives £1,000 to Festival Opera

The Pilgrim Trust has given a grant of £1,000 to Festival Opera, the north's own professional opera company. The grant is towards the cost of sets, and Gerald White, general administrator, said "We are delighted by this grant from the Pilgrim Trust which will be a valuable contribution to the developments we are now discussing for 1977."

Festival Opera was formed in 1974 to present professional opera in towns which did not normally see much opera in the northern region and towns with the Northern Sinfonia Orchestra, the north's own chamber orchestra.

The company is supported by funds provided by Copeland Borough Council and Wansbeck District Council, and grants from Northern Arts, the Arts Council of Great Britain, and industry.

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WORLD TRADE NEWS

Hopes of Boeing-Japan deal

BY CHARLES SMITH

JOINT development work on the long delayed Y-X project involving the Boeing Aircraft Company, Aeritalia of Italy and the Japanese aircraft industry has a good chance of going ahead this autumn following successful talks last week between Boeing and the Japanese.

The talks were said to-day by an official of the Ministry of International Trade and Industry to have settled some of the major points at issue over the terms of the project. A "basic memorandum of understanding" now has to be drawn up before research and design work can actually start.

The Y-X project is for the development of a short to medium-range three-engine aircraft with short take-off and landing capability and 10 per cent less fuel consumption than present-day airliners. The Y-X would use a new engine (possibly either the General Electric SNECMA CFM 56 or the Pratt

and Whitney JT 10 D) and will have a radically different wing design from conventional airliners.

Its development cost is currently estimated in Japan at ¥300bn. (about £560m.) of which 60 per cent would be paid by Boeing and 20 per cent each by Aeritalia and the Japanese.

The two main points of disagreement between Japan and Boeing have been the degree of "autonomy" to be enjoyed by the Japanese aircraft industry in developing the Y-X and the amount of a "goodwill payment" which Boeing has been requesting as a prelude to joint development work.

The issues covered under the heading of "autonomy" are whether Japan will have full access to Y-X technology and whether complete aircraft will be built in Japan or alternatively whether the Japanese industry will be confined to an

essentially subcontracting role. It would appear that Boeing has agreed to a fairly high degree of Japanese autonomy under pressure from MITI officials for the time being.

Officials are merely saying that Japan's position on the question has been "respected." As far as the goodwill payment is concerned, Japanese sources claim that Boeing has scaled down earlier demands, but no precise figures available and final agreement has yet to be reached.

If the Y-X project goes ahead from this autumn as the Japanese hope, it is planned to despatch some 200 Japanese aircraft engineers to Seattle by early next year to collaborate on basic research.

It will also be possible, at long last, for the MITI to start spending money on the project, which has been "frozen" pending an agreement on the goodwill payment. MITI has a budget of ¥2,800m. for the Y-X project during the

TOKYO, August 9.

current year the bulk of which is a carry-over from its 1975 Y-X budget. Three-quarters of the budget is earmarked for expenditure on joint development work, which will not be possible until the "basic memorandum of agreement" has been signed.

The Y-X is expected to come off the production line some time between 1981-82 at the earliest and around 1985 at the latest. Its STOL capacity and low noise levels would make it attractive to two of Japan's domestic airlines, All Nippon Airways and Toa Domestic Airways, but probably not to Japan Airlines which flies only trunk routes although some of these are inside Japan itself.

The developers also see a market in South-East Asia. The project is of vital importance to the Japanese aircraft industry which has been without a major civil aircraft project since the Boeing 747. The Y-X will turbo-propeller three years ago.

AMERICAN NEWS

Kissinger and Bhutto fail to settle nuclear issue

LAHORE, August 9.

U.S. SECRETARY of State Henry Kissinger and Prime Minister Zulfikar Ali Bhutto failed to agree on Pakistan's plans to buy a French reactor to reprocess used nuclear fuel.

Dr. Kissinger reportedly told Mr. Bhutto that he faces loss of American economic aid and arms sales unless he agrees to safeguards to prevent Pakistan using the reprocessed

materials to build nuclear weapons. The Secretary of State acknowledged at a news conference that the conflict over the reprocessing plant had not been resolved and said that further meetings will be needed.

He said that he "hoped the issue could be settled without confrontation." The issues are complicated, he continued, but they will be discussed on merit without pressures or blackmail on either side.

U.S. law requires the cut-off of aid to a nation which receives a reprocessing plant without agreeing to place it under international control because the plutonium produced as a by-product could be used to build nuclear arms. U.S. officials suspect that Pakistanians want to operate their own reprocessing plant so they can match India's atomic bomb.

Pakistan is scheduled to receive \$150m. in U.S. economic aid this fiscal year and \$288m. next year. A senior American official told reporters travelling with Dr. Kissinger that the sale of the Coraair flight attack plane which Mr. Bhutto wanted would be held until the U.S. agrees to satisfactory safeguards for the reprocessing plant. AP-DJ

U.S. warning reflects concern

BY DAVID BUCHAN

WASHINGTON, August 9.

DR. HENRY KISSINGER's warning to Prime Minister Bhutto of Pakistan that Pakistan risks losing American military and economic aid if he goes ahead with the purchase of a nuclear fuel reprocessing plant from France reflects in general the growing American concern with the spread of these plants. But there are also specific grounds for concern here.

Pakistan is not a signatory to the Non-Proliferation Treaty. Mr. Bhutto is a man who was once quoted as saying that Pakistan would get nuclear weapons even if Pakistanis had to "eat grass" to do so, and India, Pakistan's neighbour and long time enemy, has shown how easily safeguards can be skirted.

Simultaneously with Dr. Kissinger's warning to Mr. Bhutto came an admission from the Secretary of State, in a letter to the Congress released yesterday, that there is a "high probability"

that American "heavy water" was used to produce the nuclear material that India exploded two years ago. This runs counter to the many previous assurances that American material was in no way involved, and it must inevitably heighten concern about Pakistan's intentions. After the Indian explosion, Canada put an end to its nuclear programme in India because a Canadian-built reactor was used to produce the plutonium that was exploded.

U.S. officials feel strongly that there is not any economic justification for the French plant in Pakistan. For a start, they say, spent fuel from the country's only existing nuclear plant, a Canadian-built power reactor, is not compatible with the reprocessing plant, and although Pakistan plans several more reactors, it cannot yet justify an expensive and extensive reprocessing plant. The officials point out that the U.S. has upwards of 100 nuclear

plants in operation and yet is only just beginning construction of a reprocessing plant. Nor is the U.S. happy with the assurance that France is proposing. Although France was a party to the secret talks in London last year, held between major nuclear suppliers, the resulting agreement to tighten security on the sale of plants did not apply to any plants already under negotiation, including France's proposed deal with Pakistan.

Rupert Cornwall adds from Paris: France still intends to go ahead with the sale of a nuclear power station and reprocessing plant to Pakistan, despite the open threat by the U.S. to suspend military and economic aid to that country should the deal go through. In Paris the Foreign Ministry is taking a calm view of Dr. Kissinger's remarks, arguing that the Pakistan deal, for which a control agreement was signed in March with the Vienna-based

International Atomic Energy Agency, but the latest series of similar controls but one exacerbated by the American political factor.

The essential disagreement between France and the U.S. is not merely that the U.S. has as little desire as any country to see the controlled spread of nuclear weapons that reprocessing helps make available.

But the American insistence on regional, internationally controlled plants is regarded as a means to simply unworkable. Although it has signed the nuclear Non-Proliferation Treaty, which forbids nuclear weapons, the U.S. ever does not agree, and it is hard to see it accepted in the secret talks between nuclear exporters held over the past in London.

W. German shipbuilders attack Japanese over slump in orders

BY GUY HAWTHIN

FRANKFURT, August 9.

WEST GERMAN shipbuilders, faced with a heavy decline in new orders, have renewed their bitter attack on the Japanese. They accuse Japan's shipbuilders of distorting competition through drastic and uneconomic price-cutting.

A statement from the West German Shipbuilders' Association, the Verband der Deutschen Schiffbauindustrie, states that Japanese yards have been quoting prices that lie between 30 and 40 per cent below West German levels. The result, it says, has been "ruinous competition" in the international market.

Behind the attack lies the disturbing news of a heavy fall in orders for West German shipyards. In the first half of the current year, the yards landed 46 orders for new vessels totalling 132,251 gross registered tonnes (GRT) and worth a total of DM761m. (£167.6m.).

This is very much lower than the rate of deliveries and indicates that the West German yards could well be even shorter of work than they had previously

forecast. Deliveries in the first six months of 1976 totalled 99 vessels, amounting to a total of 653,000 GRT and worth about DM1,937m. (£426.7m.).

The year's total output is estimated at 208 units of 2,089m. GRT worth a total of DM5,150m. (£1,125m.). This compares with last year's output of 234m. GRT worth DM4,550m. (£991m.).

West German tempers are even further enflamed by evidence that the Japanese have been selling in Germany's own domestic market. Of the first half's 46 new orders some 34—totalling 107,453 and worth DM509m.—came from West German fleets. However, analysis of figures published by the West German Shipbuilders' Association showed that at the same time 43 orders, totalling 187,900 GRT and worth DM510m., had been placed abroad. Of these, 32 orders, worth DM440m., had gone to the Japanese yards alone.

The Japanese, say the shipbuilders, had been offering drastically reduced prices in a bid to fill heavily under-utilised capacity. As a result, the West German yards have already suffered from the problems caused by the 24.4 per cent, upwards revaluation of the D-mark that had taken place since March 1973 and high West German labour costs—were suffering the effect of severely distorted competition.

The West German shipbuilders believe that Japanese have only themselves to blame for their current overcapacity. They have already pointed out that between 1963 and 1973 Japan's shipbuilding capacity will have increased by 970 per cent, while Western Europe's will have increased by only 270 per cent.

A report, produced by the West Germans a few months ago, concluded that from 1977 there will be a "heavy fall-off in demand for ships and that the only way to deal with it is a 30 per cent shrinkage in world shipbuilding capacity. They called for concerted action by the world's shipbuilding nations to deal with the problem, but made it crystal clear that Japan should be called upon to do more than its more orderly competitors.

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Food, drink lead French export rise

By Robert Marthner

PARIS, August 9. FOOD AND DRINK have been the fastest-growing French exports during the first five months of this year, according to figures which have just been published by the French Foreign Trade Bank.

While total exports have increased by 13 per cent during this period, compared with 23 per cent, for imports, those of grain and foodstuffs have risen by as much as 53 per cent, and of wine and other drinks by 26 per cent, making a total for the two sectors of Frs.8bn. (some £900,000).

This figure was considerably higher than that for semi-finished products which fell by 15 per cent, after declining by 13 per cent during the five-month period compared with the first five months of 1975. Exports of ores and non-ferrous metals, however, went up by 16 per cent, while those of machinery rose by 18 per cent.

The motor-car sector also did well, with exports of cars rising by 15 per cent, to Frs.14bn. but chemicals declined by 9 per cent, and textiles and leather by 3 per cent.

The European Community resumed France's biggest export market taking 32 per cent of the total, with West Germany alone accounting for 17.5 per cent. Sales to EEC countries went up by 19 per cent, but the increase in some other markets was even sharper. Exports to the U.S. rose 28 per cent, for the Soviet Union, 38 per cent, for Iran, 50 per cent, for Poland, and as much as 127 per cent, for China. Indeed, French exports to Communist countries now make up more than 6 per cent of total sales abroad.

Norsk Hydro Danish PVC plant study

Financial Times Reporter KemaNord of Sweden and Norsk Hydro of Norway are examining the possibility of building jointly a polyvinyl chloride (PVC) plant in Denmark. The plant envisaged would have a capacity of 50,000 tons of PVC per year. It would be built on the industrial site owned by KemaNord at Skejboer on the island of Zealand. Norsk Hydro and Norsk Hydro would each own 50 per cent of the plant.

There are at present no PVC production facilities in Denmark and the plant would aim to supply the Danish home market. According to present plans it would come on stream at the beginning of 1979.

NY tries out Leyland double-decker buses. A mini-fleet of eight Leyland double-decker buses painted in red, white and blue livery, leave for the U.S. this week. Said to be the first double-deckers in the world to be fitted with air conditioning, they are to take part in road trials in New York to test their usefulness in handling commuter traffic.

The buses will go into service on 5th Avenue, Manhattan, operated by the New York Metropolitan Transit Administration and sponsored by the U.S. Urban Mass Transportation Authority. They will be the first double-deckers to operate in New York for 25 years.

Aiwa U.K. subsidiary. Aiwa Company, a major Japanese maker of audio equipment, said it has established a wholly-owned subsidiary in Britain to consolidate its sales and service network in the country. UPI reports from Tokyo. The new company, Aiwa Sales and Service U.K., is the company's seventh overseas venture.

VW Algerian talks. Volkswagenwerk is negotiating with Algeria for an export order for 15,000 Golf, Passat and Brasilia models to be provided jointly by VW plants in Germany and Brazil, a company spokesman said. Reuters reports from Wolfsburg. He added that VW is still discussing with the country concerned the building of car assembly plants in Algeria, Syria and Iraq, but no definite date for a decision is in sight.

Hurricane threatens

MIAMI, August 9.

THREE OF America's biggest cities were under a hurricane warning to-day as a major storm moved slowly up the country's east coast.

The warning was issued for the eastern U.S. coast from North Carolina to Massachusetts—an area which includes New York City, Philadelphia and Boston. The National Weather Service said Hurricane Belle, carrying winds of up to 110 miles per hour, was located this morning about 85 miles south of Cape Hatteras, North Carolina. The storm was moving north at about 20 miles an hour.

People living on off-shore islands were advised to evacuate their homes, and people along the shore were warned to expect

tides from five to eight feet above normal.

The Weather Service said: "although rains that have been falling over New England and the coastal sections of the middle Atlantic states have not been associated with the hurricane, rainfall in those areas will increase as the hurricane approaches, posing a threat of serious flooding."

Thousands of tourists and residents had fled the Outer Banks islands off North Carolina which the Hurricane brushed to-day with gusts up to 75 miles per hour. The chain of barrier islands is so narrow at points that only several hundred yards separates the Atlantic from Pamlico and Albemarle Sounds. Agencies



Grocery store employees in Nags Head, North Carolina board up windows as the hurricane threatens the town.

Citibank sues over Zaire loans

NEW YORK, August 9.

CITIBANK has said that it has started legal proceedings against the Export-Import Bank and Manufacturers Hanover Trust, challenging the creation of a preferential payment facility involving certain foreign exchange earnings of the Republic of Zaire.

Citibank filed the action on its own behalf and as agent for ten other commercial banks who pre-

viously extended credit to Zaire in reliance on the terms of an existing loan agreement.

Citibank said that it took this step following numerous meetings with the Export-Import Bank at which Citibank and the other lenders explained their position, emphasizing that such a preferential facility would not only create a precedent but also create a precedent harmful to international lending. AP-DJ

"When a Government lender uses its power to obtain preferential treatment for itself at the expense of private lenders these lenders will be reluctant to extend further credit to foreign Government borrowers. Such action by one Government to invite other Governments to adopt a similar approach," a bank spokesman said. AP-DJ

Air Franc optimistic on Concorde

Air France is doing ever possible to ensure the super Concorde meets its noise levels prescribed by Federal Aviation Administration (FAA) and Civil Aviation authorities. The aircraft is allowed to land in New York's JFK airport and Government said yesterday it would report from Paris. A Press conference is held before the FAA's report on Concorde's performance over the past three years at Washington's Dulles Airfield. The officials also cautioned that the aircraft must continue to meet the FAA's noise standards. The officials added that Concorde entered global civil service six months ago and has carried a total of 12,253 passengers and that each plane has been two-thirds full on average. The break-even figure calculated by the airline is 12,000 passengers per year. The airline's 57 per cent of the pass expressed satisfaction with service. CCC

Venezuela seeks U.K. technology

CARACAS, August 9.

THE PRESIDENT of Venezuela, Sr. Carlos Andres Perez, told a group of British journalists yesterday that he expected his forthcoming trip to Britain would produce "practical agreements" which would increase Anglo-Venezuelan trade.

Mr. Perez, who heads the wealthiest Government in his nation's history, also indicated that Venezuela wants to take greater advantage of technological skills which Britain has to offer. He said that any agreements made during his official

stay in the U.K.—planned for the autumn—should go beyond the customary rites of diplomatic protocol that are usually performed during state visits.

The comments on British technology echoed earlier statements made by one of the President's advisers, Sr. Juan Jose Rodriguez, Minister Gumerindo Rodriguez, and form part of the Administration's efforts to shift some of the country's commercial dealings away from its long-time principal trade partner, the United States.

Mr. Rodriguez, as Government Planning Minister, played a key role in drawing up Venezuela's ambitious Fifth National Plan for economic development, a scheme calling for Government investments of more than \$245bn. by 1980.

Sr. Perez held a special Press conference at the presidential residence for several British journalists concluding a week-long visit to Venezuela made at the Government's invitation.

According to figures included in a CBI report on Venezuela, this country's exports to the U.K. in 1974 amounted to £134.7m.

U.S. Steel tough on pollution

PITTSBURGH, August 9.

U.S. STEEL, one of the world's largest steel producers, has adopted a tough approach to air pollution regulation, and many in the industry admire its stance. Last year U.S. Steel spent \$144m.—about 14 per cent of its total capital outlays—on pollution-abatement facilities, and it is resisting pressures to spend more.

The U.S. Environmental Protection Agency (EPA) alleges that if U.S. Steel's 20 major facilities still have "substantial" pollution problems. Last February, the agency's deputy administrator, Mr. John Quarles, charged that the company has a "record of environmental recalcitrance which is second to none" and that its behaviour "tends to give all of industry a black eye." His attack, made at a Conference Board gathering, was the first in which an EPA official had publicly singled out one company.

The battle between the nation's largest steel producer and its environmental authorities arouses great passions. In the view of many regulators, the steel industry is the last bastion of resistance to the effort to clean up U.S. industry, and they see U.S. Steel as the most visible, and most important, symbol of that resistance. The company—and much of the industry—says that it has been cleaning up its operations in good faith and at great cost. U.S. Steel considers the environmental attacks unwarranted and unfair, and it worries that if it were to "knuckle under," a dangerous precedent would be set. Involved in the battle are

serious questions of health, of the quality of life, of jobs and of allocating limited resources in a capital-limited industry. The fight is being watched by environmentalists, who, until recently, had been concentrating on other industries in which the problems often were inherently less difficult. It also is being watched by other steel companies, some of whom think that in the past they have been harmed by being too conciliatory with environmental authorities.

Many steelmakers, in fact, admire U.S. Steel's tough stance. Another major steel company, for example, built expensive facilities at one plant to comply with environmental regulations, only to see the regulations changed and to find itself back out of compliance. One company official says the concern is "beginning to think that by fighting the better end, U.S. Steel has fared better than companies, AP-DJ

such as his own, that had tried to reach a "good faith" settlement quickly.

The spread of such thinking has not gone unnoticed at the EPA. Mr. Quarles says that one reason for his public criticism of U.S. Steel was to let it be known that the entire steel industry that we were not asleep at the switch as to what was happening.

The battles are often fought on a grand scale. Such was the case in June in a showdown over U.S. Steel's Enslay Works in Jefferson County, Alabama, near Birmingham. After a four-year battle and despite high-powered hama to Washington, the company failed to get the EPA to extend a June 30 deadline (to which the company had agreed last year) for closing down five of its two active open-hearth furnaces. AP-DJ

Work resumes at Ford parts plant in Argentina

CORDOBA, August 9.

As Peugeot of France recently announced that they will resume normal operations. Peugeot says that it expects a sales improvement.

Car industry sources say that sales dropped more than 50 per cent in the last six months. Some sources say that car makers have more than 20,000 unsold vehicles in stock despite the temporary work halt.

Other foreign car makers, such as Peugeot of France, recently announced that they will resume normal operations. Peugeot says that it expects a sales improvement.

Car industry sources say that sales dropped more than 50 per cent in the last six months. Some sources say that car makers have more than 20,000 unsold vehicles in stock despite the temporary work halt.

CIA recruit found dead in oil drum

Police confirmed yesterday a body found floating in a drum was that of a CIA recruit. The body was found in a drum which was found in a ditch near a road in Miami. The recruit was found dead in a drum which was found in a ditch near a road in Miami. The recruit was found dead in a drum which was found in a ditch near a road in Miami.

A medical examiner said the recruit died about a year ago. The recruit was found dead in a drum which was found in a ditch near a road in Miami. The recruit was found dead in a drum which was found in a ditch near a road in Miami.

U.S. aid to Korea

The United States agreed to-day to supply South Korea with an additional 10,000 tons of wheat, valued at \$10m. under a five-year program. The wheat will be supplied at \$10m. under a five-year program. The wheat will be supplied at \$10m. under a five-year program.

Rubber talks resume

There was no word from the Secretary Mr. W. J. Abernethy, who is in London, when marathon negotiations resumed early yesterday. The talks are being held in London. The talks are being held in London. The talks are being held in London.

Consolidated Gold Fields Limited

(Registered in England No. 36836)

Dear Shareholder,

INVESTMENT IN PLATINUM

For many years your Company has had a significant interest in platinum production in South Africa. Currently this consists almost entirely of its 46 per cent shareholding in Rustenburg Platinum Mining Company Limited, which in turn has a direct interest of a little under 90 per cent in Rustenburg Platinum Mines Limited, the world's largest producer of platinum. Your Company's income from this investment totalled approximately £750,000 in the financial year ended 30th June, 1975.

Apart from Rustenburg the only other shareholders of Rustenburg are Potgietersrust Platinum Limited and Union Platinum Mining Company Limited. Both these latter companies are administered by Johannesburg Consolidated Investment Company, Limited, which holds over 44 per cent of Potgietersrust Platinum and over 15 per cent of Union Platinum. Anglo American Corporation of South Africa Limited and companies associated with them also have large investments in Union Platinum.

In addition to its direct interest in Rustenburg, Waterval also has small interests in Union Platinum and Potgietersrust Platinum and Union Platinum has a shareholding in Potgietersrust Platinum. The desirability of simplifying and rationalising this complicated structure has been recognised for some time but administrative and other problems have meant that, in practice, it has been extremely difficult to agree a basis which could be considered fair and acceptable to all the shareholders in Rustenburg's holding companies.

On 17th May, it was announced in the press that discussions were taking place with a view to rationalising the Rustenburg holding company structure and the quotations of the holding companies were suspended pending the completion of these discussions. The quotations were restored as from 8th June. Today a circular is being posted to the holding companies' shareholders setting out details of the proposals. Subject to approval of the shareholders of each of the holding companies at meetings to be held on 31st August and, where relevant, to confirmation by the Court of certain aspects, the end result will be that Union Platinum will become the sole quoted holding company with a 100 per cent interest in Rustenburg.

Shareholders in Waterval, other than your Company, will receive Union Platinum shares in exchange for their Waterval shares. Your Company will retain its interest in Waterval which will become a wholly-owned subsidiary. Waterval will receive a block of Union Platinum shares representing your Company's *pro rata* interest in Rustenburg. Waterval's sole asset will then be its shareholding in Union Platinum.

For some time your Directors have taken the view that a substantial investment in a company which is effectively controlled by others is not always in the Company's best interests in the longer term. Your Company has therefore undertaken that, if and when Waterval becomes a wholly-owned subsidiary, it will procure that Waterval will transfer to each of Anglo American and Johannesburg Consolidated Investment one-quarter of the 17,568,387 Union Platinum shares to which Waterval will be entitled. Waterval will also grant short-term options over the remainder of its Union Platinum shares in equal proportions to Anglo American and Johannesburg Consolidated Investment. These transactions will be concluded at a price based on the ruling pre-suspension Johannesburg prices of the shares in the platinum holding companies.

This means that, as soon as the platinum holding company structure has been rationalised, your Company's present indirect interest in Rustenburg will be halved and—if the options mentioned above are exercised—it will be eliminated. In exchange for the platinum holding, Waterval will receive a portfolio of other South African shares including substantial holdings in mines administered by the Gold Fields Group. Redeployment of your Company's assets is a continuous process but, in view of the long-standing investment in platinum, it was felt appropriate to advise shareholders now of the action being taken. Shareholders will be advised when all the transactions outlined above have been concluded.

Registered Office:

49 Moorgate, London EC2R 6BQ.

6th August, 1976.

Yours faithfully,

J. R. STEWARDSON, Secretary.

SET OUT ABOVE FOR THE INFORMATION OF HOLDERS OF THE COMPANY'S SHARE WARRANTS TO BEARER IS THE TEXT OF A CIRCULAR WHICH HAS BEEN POSTED TO REGISTERED SHAREHOLDERS.

OVERSEAS NEWS

Fresh violence flares in South Africa townships

JOHANNESBURG, Aug. 9.

LACK OF VIOLENCE spread through South African townships today and police said they had opened fire on rioters. A police officer at Makheleng township near Randfontein said that police fired several shots at rioters who were attacking a police station. A police officer at Makheleng township near Randfontein said that police fired several shots at rioters who were attacking a police station. A police officer at Makheleng township near Randfontein said that police fired several shots at rioters who were attacking a police station.

IMF credit for Pretoria

BY GRAHAM HATTON

JOHANNESBURG, August 9.

SOUTH AFRICA has arranged a standby credit of SDR 150m (R151m) at the International Monetary Fund, Finance Minister Owen Horwood announced in Pretoria today. SDR 38m represents the balance of South Africa's enlarged first credit tranche under the SDR 110m. The Minister did not state the conditions laid down by the Fund for South Africa to draw the standby.

Beirut factions fear escalation

BY HUSAN HIAZI

BEIRUT, Aug. 9.

WITH THE implementation of the Palestinian agreement in Lebanon, the rival factions in the Lebanese civil war are bracing themselves for a new round of military confrontation and military escalation. Mr. Kamal Jumblat, the leader of the Muslim Left-wing faction, told reporters last night: "We expect a long war as the Syrian forces remain here." He spoke at the end of a four-hour meeting of the combined leadership of his faction and the guerrilla movement. The meeting was held in the headquarters of the Syrian army in Beirut, which had laid down plans for a long, drawn-out confrontation.

Libya charged with Arab subversion

BY OUR OWN CORRESPONDENT

BEIRUT, Aug. 9.

INFORMED observers see the findings of an Arab underground war which they predict will gain momentum in the future. The two explosions yesterday at a Government building in Cairo which injured 14, the assassination in Damascus last night of a senior Syrian official, and the arrest in Baghdad a few days ago of a Syrian subversive were some examples of the war.

Sudan stages anti-U.K. demo in Khartoum

BY ALAN DABRY

KHARTOUM, August 9.

TODAY'S Government-organised anti-British demonstration in Khartoum seemed more a token protest against the British Government than a representation of anti-British feeling in the Sudanese people. Extensive Press coverage of the rally is expected to-morrow after which the anti-British campaign which last Friday included a ministerial attack on the BBC may come to an end.

Fresh earthquake tremor reported in China

PEKING, August 9.

PEKING today a momentary earthquake tremor was reported in the area of the Great Wall. The tremor, which occurred at 6.45 a.m., was so brief that it was felt by only a few people. It was the first tremor to be reported in Peking since 1976, when post-quake shocks of considerably less force were felt. The significant tremor today certainly extends the period of the earthquake alert, now at its tenth day, just as people are beginning to drift back into their apartments and houses.

New arrest over Lockheed in Japan

Prosecutors investigating the Lockheed payments that

Prosecutors investigating the Lockheed payments that indicted Mr. Toshio Enomoto, a secretary of former Prime Minister Kakuei Tanaka, yesterday for allegedly receiving Yen500m (\$1.7m) of Lockheed money for Mr. Tanaka, AP-JP reports from Tokyo.

Singapore records 7 per cent growth

By Our Own Correspondent

SINGAPORE, August 9.

SINGAPORE achieved 7 per cent economic growth for the first half of this year, compared to zero growth for the first half of last year.

This was disclosed by Singapore's Prime Minister, Mr. Lee Kuan Yew, in his annual message to the nation.

He said that the republic's economy was picking up and prospects for 1978-79 were good.

For the whole of 1978, GNP growth of 6.8 per cent could be expected, compared with 4 per cent last year.

Foreign investments were also picking up, he said, with \$5155m committed for the first half of this year, compared with \$355m for the first half of last year.

However, these investments were in small and medium-sized projects. The big projects were still held up, partly because of excess manufacturing capacity in America, Japan and Western Europe, and partly because of investors' caution.

These investors wanted to assess the stability of non-Communist South-East Asia after last year's Communist take-overs in Indochina.

On this, Mr. Lee noted that though there had been some increase in Communist insurgent activities in Thailand and peninsular Malaysia, the situation had remained stable.

"We have good relations with all our neighbours in ASEAN," he said. "They are based on growing confidence and understanding of each other gained over many years."

"There is now a beginning for long-term economic co-operation, but the pace is slow compared to what can be achieved in the ASEAN agreement for preferential trading arrangements."

"However, there is good co-ordination in matters of security. We have made a start in normalising relations with Vietnam and Kampuchea. We want peace in South-East Asia."

CONTINUING UPSWING FORECAST

Recovery firmly established

A CONTINUING upswing in Japanese economy is forecast in the latest annual report on the country by the OECD, published today. The report points out that the growth of output accelerated very considerably in the first months of this year, owing to a sharp increase of exports and a strengthening of domestic demand. The recent movement of letters of credit for exports point to a significant deceleration of the growth of exports in coming months, but other forward-looking indicators such as judgments on the business situation, suggest that the recovery is now becoming firmly established. Following a prolonged decline, the ratio between job offers and job seekers has been rising since December. The following are extracts from the OECD's conclusions and forecasts:

After the sharp acceleration in the first half of 1978, the growth of real GNP is forecast to decelerate slightly in the second half in line with the expected slowdown in the rise of exports. But the expansion should steepen again in the first half of 1979, as the recovery of business fixed investment is likely to gather momentum. According to this scenario, the growth of real GNP may reach an annual rate of approximately 7 per cent in the first half of 1979. In spite of some absorption of economic slack, the margin of unused resources as measured by the GNP gap, is expected to remain substantial.

CONSUMPTION: Following a marked increase in the first quarter of 1978, real private consumption is expected to expand at a moderate rate until the end of the year. The spring 1978 general wage round seems to have resulted in an average rise in basic wages of around 3 per cent, against 1.2 per cent in 1977. Due to the profit situation, summer bonus payments are unlikely to be very large. Monthly hours worked should continue to lengthen, but the rise in employment may remain modest. In addition, the tax burden will increase since the

FY 1978 budget does not provide for any personal tax cuts. Overall, assuming an increase in consumer prices of around 9 per cent between 1978 and 1979, and a slight decline in the savings ratio, private consumption is forecast to rise by approximately 5 per cent this year. Consumer demand may strengthen somewhat in the first half of 1979 as a result of higher bonus payments at the end of 1978, a faster rise in employment and possibly a further decline in the savings ratio.

INVESTMENT: Gross fixed capital formation is expected, progressively, to become an important element of strength. Residential construction should continue to expand rapidly, spurred by a general desire for better housing standards, the increase in the number of households, the stabilisation of land prices, and the fall in prices of construction materials since early 1974. Furthermore, financing facilities, both private and public, should remain abundant. Private equipment investment, which has fallen sharply over the last two years, is forecast to recover in the second half of 1978, mainly due to a marked expansion of plant and equipment investment in the non-manufacturing sector, particularly in the electricity and gas industry. In view of the low level of capacity utilisation and the weak, albeit improving, corporate profit situation still likely to prevail for some time, investment in manufacturing may not pick up significantly until the first half of 1979.

Given the assumptions adopted for fiscal policy, public investment is expected to remain an element of some strength, although less so than in FY 1975. **STOCKS:** The strength of inventory accumulation during the forecast period is uncertain. The level of producers' stocks of finished goods is currently somewhat above its long-term trend and some decline seems likely. At the distributors level, the build-up of inventories should remain moderate, in line with the forecast expansion of private consumption. Work in progress in stocks of semi-finished goods and raw

materials should expand more rapidly reflecting the steepening trend of production. Precautionary accumulation could take place, induced by expectations of rising world commodity prices. Overall, the ratio of stocks to total final sales is forecast to remain at its present high level, implying only a moderate contribution of stockbuilding to the growth of GNP.

EMPLOYMENT: The increase in employment is forecast to remain moderate until the end of the year, as the rise in labour input may mainly take the form of longer working hours and a

reduction of disguised unemployment. The trend of unemployment could steepen in the first half of 1979, but in view of a likely increase in participation rates of regular or marginal workers, including housewives, and the seasonally employed, unemployment may edge down only slowly, from 1.8 per cent (seasonally adjusted) in the first quarter of 1978 to approximately 1.6 per cent by mid-1979.

The passing through to prices of repressed cost-push factors, as demand picks up, may exert some pressure on wholesale prices until the summer. Subsequently, the moderate outcome of the spring wage round and rapid productivity increases associated with the upturn in activity, should provide a restraining influence. But much will depend on the future trend of international commodity prices: assuming a rise of around 9 per cent over the next 12 months, wholesale prices may increase during the period by some 5 to 6 per cent. The trend of consumer prices over the next 12 months will be affected by special factors. A higher rate of increase is expected for the second half of 1978, reflecting the lagged impact of the rise in wholesale

prices and substantial adjustments in government-regulated charges, followed by some deceleration in the first half of 1979.

EXPORTS: Following the very rapid growth in the first half of 1978, Japan's export markets are expected to expand at a more moderate pace during the next 12 months. As significant gains of market shares are likely to be made, notably in the United States, Sino-Soviet and oil-producing countries, the volume of exports, which may have risen at an annual rate of over 45 per cent between the second half of 1975 and the first half of 1976, is forecast to increase by 8 per cent over the 12 months to the first half of 1979. The growth in the volume of imports has been modest so far, but is forecast to accelerate significantly as a result of rising activity and inventory accumulation. Moreover, some deterioration in the terms of trade appears likely. Thus, the current account surplus, which in the first five months of 1978 was running at a seasonally adjusted annual rate of over \$5.4bn, is expected to be progressively reduced throughout the forecast period. Over the twelve months to mid-1979 it may perhaps be of the order of \$1.1bn.

INFLATION: Over the past two years, economic policy has been successful in moderating the rate of inflation. The annual increase of consumer prices was brought down from more than 30 per cent two years ago to about 8 per cent in the early months of 1976 with a parallel marked deceleration of nominal wage rises. At the same time, the large current deficit of 1974, which reflected Japan's particularly heavy dependence on oil imports, gave way to a position where a considerable surplus in the first months of 1978. These results have been achieved at the price of virtual stagnation of activity—a decline of real GNP by 1.2 per cent in 1974 and an increase of a mere 2.1 per cent in 1978—which contrasts sharply with the annual growth of around 10 per cent recorded in the preceding ten years.

OECD ON JAPAN

Look behind our numbers and you'll see our resources.

REPUBLIC NATIONAL BANK OF NEW YORK
Consolidated Statement of Condition
June 30, 1978

ASSETS

Cash and due from banks \$ 59,706,029
Interest bearing deposits with banks 318,396,967
Precious metals 36,250,213
Investment securities 67,222,910
U.S. Government obligations 26,641,850
Obligations of U.S. Government agencies 104,882,076
Obligations of states and political subdivisions 58,562,576
Other 287,317,457
Total investment securities 96,000,000
Federal funds sold 732,279,981
Loans, net of unearned income 11,309,872
Less allowance for possible loan losses 720,970,719
Customers' liability under acceptances 75,257,734
Bank premises and equipment 13,310,531
Accrued interest receivable 32,882,646
Other assets 59,629,605
Total assets \$1,699,918,415

LIABILITIES

Deposits 21,000,000
Federal funds purchased and securities sold under agreement to repurchase 3,762,210
Other liabilities for borrowed money 77,380,959
Acceptances outstanding 64,769,664
Accrued interest payable 11,720,847
Other liabilities 808,000
6 1/2% - 8 1/2% Notes

STOCKHOLDERS' EQUITY

Common stock 21,432,030
Surplus 1,604,000
Undivided profits 1,604,000
Total stockholders' equity \$1,699,918,415
Total liabilities and stockholders' equity \$1,699,918,415
Letters

Loans are 51.9% of deposits—one of the best ratios among the top 100 banks.

What does such a low loan-to-deposit ratio mean? It means our people are a bit better at building up our deposits. We think they're a bit smarter and work a bit harder, with a bit more imagination and agility. Because of them, we always have been able to maintain a high level of liquidity. And our people's efforts show up elsewhere on our

balance sheet. Business Week's 1975 Annual Survey of Banking Performance shows that, among the top 100 banks, we rank second in rate of increase of deposits and first in return on average assets. So, of all our resources, we feel our people are our most important resource. They make our performance possible. Get to know them better.

Republic New York

A Safra Bank

One of America's 100 largest banks, and growing.

Republic National Bank of New York/Republic New York Corporation, Fifth Avenue at 40th Street, New York, N.Y. 10018
Member Federal Reserve System/Member Federal Deposit Insurance Corporation
New York • London • Nassau (19 offices in Manhattan, Brooklyn, Queens & Suffolk)
Affiliates and Representatives in: Beirut, Bogota, Buenos Aires, Caracas, Chiasso, Frankfurt, Geneva, Luxembourg, Manila, Mexico City, Panama City, Paris, Rio de Janeiro, Sao Paulo

ON OTHER PAGES

International Company News
Creditanstalt results
Siemens profits down
Pacific Lighting gas deal 17
Farming and Raw Materials
U.S. grains outlook
EEC skin-milk move 19

EUROPEAN NEWS

Another blow to Gaullists as reshuffle rumours grow

BY ROBERT MAUTHNER

PARIS, August 9.

RUMOURS about an early reshuffle of the French Government have been further strengthened by a statement by M. Jean Lecanuet, the Centre leader and Minister of Justice, that President Giscard d'Estaing needs a new ruling majority that would reflect his own thinking.

The remarks, made in a television interview at the weekend, were seen as yet another blow to the Gaullist UDR Party from their coalition allies, at a time when the rift over the controversial capital gains tax has barely been patched over.

Although M. Lecanuet was referring to the Government's majority in Parliament—at the moment, he said, the National

Assembly was made up of Deputies elected at the time of the late President Pompidou who did not necessarily reflect the views of the new President—his statement was clearly aimed at the present composition of the Government.

The Centre and M. Giscard's old party, the Independent Republicans, have long been unhappy at the fact that the leading member of the Government, M. Jacques Chirac, the Prime Minister, is still a Gaullist. This seems to them to be incompatible with the liberal and reformist views of the President.

There has been widespread speculation over the past few weeks that President Giscard will remedy this anomaly by

replacing M. Chirac. But such a move would be more difficult to carry out than it looks at first sight.

A French President, in spite of all the powers which are concentrated in his hands, still needs a parliamentary majority to pass his Bills, and the Gaullists remain the strongest single party in the National Assembly.

If they were to be forced into opposition by the appointment of a Prime Minister who is not to their liking, the President would lose his parliamentary majority altogether, and it seems unlikely that he would want to provoke a major political crisis less than two years before the next parliamentary election.

Franc outlook still uncertain

BY RUPERT CORNWELL

PARIS, August 9.

THE BATTERED French franc staged a small recovery on the Paris foreign exchange market today, helped by cheerful remarks from President Giscard d'Estaing and an inevitable technical reaction to the heavy losses it sustained last week.

Nonetheless even after an improvement to Frs.4,982.25 and 13.8 per cent, against the Swiss franc, which remained from Friday's close of Frs.4,987.5, however, above the psychological barrier of Frs.5 for Sw.Frs.1.

Apart from a certain amount of speculative profit-taking, the most positive help came from Africa where M. Giscard d'Estaing held a Press conference at the weekend marking the end of an official visit to Gabon.

He told reporters that an objective assessment of the French economic situation would see the currency at its correct value. He also underlined that France's public finances were the healthiest in Europe, a reference to the Government's determination to produce a balanced budget for fiscal 1977.

That may be so, but there is little in the present social and political climate here to inspire much confidence in the foreign exchange market, amid fears of a tense September when the country returns to work, and incessant predictions of a sweeping Ministerial reshuffle fairly shortly.

In the meantime the Finance Ministry is taking a very relaxed view, blaming the franc's troubles on the excessive strength of the mark and the dollar. Once more the Bank of France did not intervene, although it pushed domestic money market rates a notch higher to 9.1% to attract funds to Paris.

Portugal bomb arrests

BY PAUL ELLMAN

LISBON, August 9.

NINE PEOPLE were being held in the Caxias prison near here today following a week-end round-up of right-wingers suspected of bomb attacks.

An Interior Ministry statement, however, denied that the suspects included Oporto's police chief, Major Mota Freitas, and his deputy, Major Sao Paulo.

Both men were named in morning newspaper reports as having been arrested in a hunt for bombers, whose more spectacular attacks included the destruction of the Cuban Embassy in Lisbon last April when two people died in the blast.

The Government statement said the two had been flown to Lisbon simply for an "exchange of impressions" and added: "There is nothing more than this and the rest is speculation."

Although Major Freitas remained in Lisbon today, his second-in-command was said to be back at his desk in Oporto.

Officers of the Judiciary Police, the national law enforcement agency, were meanwhile questioning the nine others held for allegedly organising bomb attacks. They include a Judiciary Police detective and the former mayor of a northern town.

E. Germany hints at new Berlin restrictions

By Leslie Collier

BERLIN, August 9.

EAST GERMANY and the Soviet Union have sharply attacked the West German Government for allegedly inspiring "provocations" at the border between the two Germanies.

The East Germans hint that they may have to consider limitations being placed on the flow of West German visitors to East Germany. They also claim that "the future of détente" is threatened if Bonn does not abandon its "revanchist thesis" that the border is not equivalent to a frontier between two nations.

The Communist broadside comes on the heels of the fatal shooting of an Italian truck driver by East German border guards. The statements appear in the Soviet newspaper, Pravda. Moscow's Foreign Ministry publication, New Times, and East Germany's Communist newspaper, Neues Deutschland.

The East German paper says that the shooting of Signor Benito Corghi, who was a member of the Italian Communist Party, was "a shameful act of provocation" which has not yet been clarified. West Germany, it says, is "shamelessly using the incident to divert attention from its continuous provocations against the East German frontier."

The East German attack is in apparent reaction to the impact which Signor Corghi's death has had in the West, particularly in Italy, where the Italian Communists have protested to East Germany and said the killing illustrates the abnormality of the division of Europe.

Commenting on today's "Neues Deutschland" editorial, a West German spokesman said the shooting of an Italian citizen by border guards "must be extremely embarrassing."

The East German paper lashes out against West German politicians, from Chancellor Helmut Schmidt to Foreign Minister Hans-Dietrich Genscher, and the entire West German Opposition leadership. All are accused of having inspired and "given absolution" to violations of the border.

Following reports of a split between the Soviet Union and Syria, David Lascelles, East Europe Correspondent, looks at Moscow's policy in the Middle East.

Bear with a sore head

NEWS THAT the Russians and the Syrians have split over how to handle the Lebanese crisis, though not surprising, is bound to raise broader questions about the Middle East. First, why did Moscow allow what is basically a secondary dispute (how to bloody to war relations with one of the few countries where it was still on good terms? Second, by doing so, has it risked further whittling away its already tenuous hold over the course of events in that troubled region?

Not that the split need be definitive. According to informed Syrian sources, it specifically concerns Syria's involvement in the Lebanese civil war, not broader issues. It is also said that the Russians have imposed an arms embargo which will be lifted when the last Syrian soldier quits Lebanese soil. An arms embargo sounds dramatic, but Moscow has used it often enough in the Middle East to suggest that its policymakers see it as a weapon to be kept close at hand.

Nevertheless, the split marks a serious and sudden setback for Soviet Middle East policy. Only two months ago Premier Alexei Kosygin was in Damascus declaring: "Supporting the Arabs' cause in the face of Israeli aggression, the Soviet Union will continue to give the necessary assistance to friendly Syria in strengthening her defence potential."

However, his visit coincided with the deepening of Syria's involvement in the Lebanese civil war, with further Syrian attacks against Palestinian forces. Only a week after Mr. Kosygin's departure, Tass News Agency sounded a warning that Moscow could not tolerate this involvement, under any pretext.

Syria has time and again issued statements saying that the mission of the troops it introduced into Lebanon is to help stop the bloodshed. Nevertheless, notice should be called to the fact that bloodshed continues in Lebanon today, and that blood is flowing in ever greater streams.

Although the Russians continued to direct "their biggest salvos" against the "imperialist aggressors," some of the fire

from now on was plainly aimed at Syria, too.

There are two reasons for the Russians' concern. First, they have always feared the consequences of a large-scale Arab-Russian policy of "de-interference" in the Middle East, and are nationalising the Lebanese generally believed in the West; it is probably in the Russian view, held out chances of a Arabs to undertake outright war, speedier end to the civil war.

That the Russians came out against the Syrians could be due to three reasons: it fitted the Russian policy of "de-interference" in the Middle East, and are nationalising the Lebanese generally believed in the West; it is probably in the Russian view, held out chances of a Arabs to undertake outright war, speedier end to the civil war.

"The Soviet Union will continue to give the necessary assistance to friendly Syria."

Soviet Premier Alexei Kosygin, June 4, 1976.

"Syria... has issued statements that the troops in Lebanon will help stop the bloodshed... That blood is now flowing in greater streams."

Tass, the Soviet News Agency, June 12, 1976.

paying the way to renewed Arab solidarity which Moscow believes to be essential before any final settlement to the Middle East problem can be hammered out.

It also strengthened Moscow's image as champion of the Palestinians, underlining its ties to their and other liberation causes.

In practical terms, however, it appears to have won them little. Syrian sources doubt that an embargo would make the slightest difference in Damascus. Furthermore, the need to hush up the embarrassing split with Syria has prevented the Russians from gaining public credit for their stand on behalf of the Palestinians.

Whatever the future course of Soviet-Syrian relations (which are by no means beyond repair), the split has highlighted the very different views of the Palestinian problem held by Moscow and Damascus: one seeing them as a disintegrated group whose rights must be restored,

the other as a potential spring for trouble.

At the moment, this is Moscow with little chance of moulding events in the East. But there may be a why it was prepared to this sacrifice.

Any realistic assessment of the Middle East must consider Moscow's influence longer than it was, and Russian aims have been down from achieving the favourable agreement to securing the least viable.

The Arabs have complained that against arms the Russians have offered. There has also been a shift in Moscow's interest from the heart of the East where it has earned little to points further west.

Just as the split with Syria widened, a little noticed arrival in Moscow—General Samatur, the Somali Minister of Defence, who had what described as "a warm friendly talk" on matters of mutual interest with his site number.

Similarly, there has been marked improvement in relations with Libya, which the Egyptian government recently took delivery of over Soviet tanks, and large amounts of military equipment.

Libya and Somalia, with virtue of their location, sources have an influence on all trade broader level.

Observers have also begun to notice a certain weariness in the Soviet Middle East.

Although Tass recently said that no one should lose sight of the fact that the Middle East is close to Soviet interests, it ranks as of secondary importance, behind détente, se China, and probably even growing possibilities held by developments such as Arab unity.

While this has not dimmed the Russian insistence on the settlement of the Middle East problem, a Geneva conference, taking account "the rights of all" and the Palestinians, it reflects their feelings of the new regional order.

Events like Lebanon's line their lack of control developments there.

1918 "Taisho Marine" 1976



President's Statement
A. HIRATA

In fiscal 1975 the Japanese economy was in even more difficult circumstances than in the previous year as seen in the leveling off of personal consumption, slack private capital investment and stagnant foreign trade.

In such a general economic situation, your Company has endeavored to expand its business by actively developing new types of insurance, setting up new branches and reinforcing its sales and service networks. At the same time, your Company further intensified its efforts to increase its managerial efficiency by furthering the mechanization of its office work. Consequently, your Company was able to achieve the following results:

It earned a premium income of ¥136,733 million, up 22.3% over the previous year, and increased its total assets by ¥33,775 million to ¥294,235 million at the end of the year. Its profit for the year amounted to ¥10,445 million.

In connection with all this, we extend our heartfelt gratitude to you, our stockholder or other interested party, for your kind support.

I will now give you a brief description of operating results in our various divisions.

Marine, Aviation and Transport Business

In these areas of our business, the total premium income amounted to ¥17,806 million, showing a gain of 0.6% over the 1974 total of ¥17,692 million. Meanwhile, paid claims increased by 12.0%, from ¥10,682 million in 1974 to ¥12,028 million in 1975.

In the marine hull insurance business, your Company was able to increase its premium income by 24.3% over 1974 by carrying out vigorous business activities in the face of the protracted serious recession in the shipping industry. However, your Company's loss ratio was higher than in the previous year mainly due to some major losses.

In the transport insurance business, your Company's premium income diminished by 7.9% from 1974 due to the worldwide recession. On the other hand, the loss ratio was slightly higher than in the previous year.

Motor Vehicle Business

In this area of business your Company was very active, enlarging the coverage of bodily injury liability insurance, introducing a private automobile policy, etc. In addition, some rates were increased. Consequently, your Company had a premium income of ¥41,703 million, up 35.9% over the 1974 figure of ¥30,676 million. The sum of paid and outstanding claims ran up to ¥34,064 million as compared with ¥31,068 million in 1974 while the loss ratio declined owing to a high rate of increase in premium income.

Personal Accident Business

The income protection insurance introduced in 1974 continued to sell so well that your Company earned a premium income of ¥9,096 million in 1975, achieving a substantial gain of 45.1% over the 1974 total of ¥6,268 million. On the other hand, the sum of paid and outstanding claims amounted to ¥6,938 million compared with ¥2,977 million in 1974.

Property Business

In this area of business your Company was able to increase its premium income by 17.9% from ¥22,147 million in 1974 to ¥26,114 million in 1975. This was because your Company endeavored to arouse a new demand for insurance, for example, by introducing a value-agreement insurance for fire risks in household property. The sum of paid and outstanding claims ran up to ¥8,252 million compared with the ¥7,213 million in 1974.

Overseas Business

In its overseas business, your Company made every effort, as in the previous year, to increase and strengthen its overseas bases of operation. It has established a local corporation in Indonesia at long last and opened resident representative's offices in Manila and Rio de Janeiro. Your Company achieved good operating results thanks to the smooth growth of its branches in Southeast Asia and its business in the United States, the Netherlands and Belgium.

Investments

Your Company continued to be successful in its investments despite the current financial situation and even though money rates and corporate dividend rates dropped due to the recession. Revenue from interest and dividends on investments including interest and dividends transferred to Revenue Account increased 3.7%, rising from ¥13,500 million in 1974 to ¥13,997 million in 1975.

Accounts

The total premium revenue of your Company in 1975 amounted to ¥136,733 million compared with ¥111,780 million in 1974. Meanwhile, the sum of paid and outstanding claims increased from ¥91,126 million in 1974 to ¥105,987 million in 1975.

The total underwriting balance of your Company in 1975 was ¥5,230 million compared with ¥3,624 million in 1974, and the interest and dividend revenue, ¥13,997 million compared with ¥13,500 million in 1974. The profit realized after deducting taxes and other expenses from the sum of the underwriting balance and the interest and dividend revenue amounted to ¥10,445 million compared with ¥8,443 million in 1974. Of the above profit, ¥8,672 million was designated as claims equalization reserves and transferred to the insurance fund. Another sum of ¥4,003 million was put aside as legal and revenue reserves.

BALANCE SHEET (as of 31st March)

LIABILITIES:		ASSETS:	
(In Million Yen)		(In Million Yen)	
1976	1975	1976	1975
Share Capital	15,000	Loans	97,968
Capital Reserves	9,450	Investments	92,224
Revenue Reserves	26,263	Fixed Assets	22,354
Profit and Loss Account	1,291	Current Assets	81,689
Insurance Funds	126,824		68,572
Current Liabilities and Provisions	115,407		
	294,235		294,235
	260,460		260,460

Seveso "in bid for new gas plant"

BY JOHN WICKS

ACCORDING to a Swiss Press report, the regional authorities responsible for the Seveso area of northern Italy have stated that they will call on the Hoffmann-La Roche group to build a new plant in Meda or somewhere else close to the town of Seveso recently shut down following the escape of toxic TCDD gas.

This demand is to be made within the framework of overall compensation negotiations. The new plant, which is needed to guarantee the workplaces of some 40 employees, should have a different and harmless production programme, the authorities are quoted as saying.

A spokesman for Hoffmann-La Roche said in Basle today that no such representation had yet been received from Italy. The parent company's president, Dr. Adolf Jann, has already stated that the group

will cover all damage caused by the gas escape, and said the town's workers would receive their wages until the end of this month.

The newspaper interview in which he made these statements has met with sharp criticism in Switzerland in view of the tone of certain remarks it contains.

With regard to the danger of deformity in unborn children, Dr. Jann said that "hardly more than 20 women were concerned." The Seveso accident he described as a "technical incident which we cannot account for," and Mr. Guy Wolfel, director of the Hoffmann-La Roche subsidiary Glaxo, had been told expressly by Dr. Jann himself not to visit the affected area.

While regretting the accident, Dr. Jann said in the interview that the risks involved in

running a chemical plant had to be taken into account—otherwise the chemical industry would have to close down world-wide.

A shortage of the bactericide hexachlorophen could result from the close-down of TCDD units, it was stated today in Basle. The entire tri-chlorophenol production of Seveso was used for hexachlorophen manufacture in Hoffmann-La Roche plants in Switzerland and the U.S.

Air samples taken in the Swiss canton of Ticino, which borders on Italy, have shown there is no pollution there from the Seveso gas leak. It was stated this evening. Apart from this air check, the Swiss authorities have ordered careful controls on imports of vegetable and animal produce in connection with the incident.

ZURICH, August 9.

Glaxo, in a statement issued tonight, said: "The evacuation of a few raw materials, the closing of the following stopping of manufacture, is dangerous."

This concern particularly two chlorine tanks product being supplied to a local manufacturer. This is used for the manufacture of benzyl products which used in perfumery.

It also concerns some cyanide (also supplied to local manufacturer) while used for the production of benzyl cyanide, which is used for the manufacture of phenylacetic acid and derivatives.

The finished products, which are stocked at the factory, being held until official certification for deliveries obtained.

Bulgaria determined to seek closer links with Soviet Union

BY PAUL LENDYAI

VIENNA, August 9.

THE SOVIET Union continues to dominate the Bulgarian economy with a share of 53 per cent in foreign trade and Bulgaria is determined to go ahead with its "all-round drawing closer" of Bulgaria and the Soviet Union.

This was stated in a commentary issued by BTA, the Bulgarian official news agency, on Bulgarian-Soviet economic relations.

With reference to the 55 per cent increase of Bulgaria's industrial output during the last 15 years, coupled with substantial changes in the structure of the economy, the commentary stresses that economic integration with the Communist bloc is one of the chief factors for the country's rapid economic growth.

The problems of modernisation and specialisation are successfully solved with Soviet aid, the commentary says, adding that bilateral trade is scheduled to rise from 100 million Soviet leva in the last five-year period to a total of 31,700 million in 1976-1980 period.

Trade with the Soviet Union accounts for 53 per cent of Bulgaria's total foreign trade turnover, and the Soviet Union last year shipped machinery and equipment to the tune of 4bn. foreign exchange leva.

As a result of specialisation and joint production, the Soviet market has become a major factor for the sales of Bulgarian industrial manufactures. Machinery and equipment last

year accounted for 44 per cent of exports to the Soviet Union. It is emphasised that Bulgaria is a country with limited natural resources, and has to rely on raw materials and other Comcon partners. In addition to oil and gas, the country imports between 3bn. and 4bn. kWh of electric power from the Soviet Union per annum.

The process of "getting closer" in all spheres of the economy also involves Bulgarian participation, along with other Comcon countries, in the construction of large projects on Soviet territory. In exchange for the export of manpower and capital, Bulgaria will receive substantial deliveries of pulp, oil, asbestos and ferrous ore.

Communist Basque jailed again

BILBAO, August 9.

A LEADER of the Basque Communist Party was arrested at his home here today, a few days after being released from prison under a amnesty for political prisoners.

Steelworker Jose Urrutia, detained with Party Secretary Ramon Drzazabal, giving a Press conference yesterday, told sources at the conference that he issued demands for action for the troubled northern Basque country and forecast wider and Government, demanding that the Basque people be speeded up.

Senior Urrutia was released from Madrid's Carabanchel Prison last Wednesday after serving a three-month sentence on charges of illegal association. Rele-

Belgian jobless
The number of wholly unemployed in Belgium rose, 224,524 or 4.1 per cent, in July from 215,149 or 3.1 per cent in June, the National Employment Office said, repp Reuter.

Vote on Irish bank strike

THE IRISH Republic's 10,000 striking bank officials begin voting today on a plan to end their six-week stoppage. But even if they accept pay proposals, they include rises of between 13 and 15 a week and productivity incentives—it could be up to a month before the country's 900 commercial bank branches reopen.

Because so many members of the union involved, the Irish Bank Officials Association, are on holiday, the ballot itself will take three weeks to complete. And if the back to work plan is approved, it is expected to be another week before the banks clear outstanding paperwork.

A spokesman for one of the major banking groups in Dublin said today: "We would hope to be open to the public four or five days after the result of the ballot—providing, of course, it is favourable."

Malta poll date expected

BY GODFREY GRIMA

VALETTA, August 9.

PREMIER Don Mintoff's Labour Government, now at the end of its five-year term, is expected to name an election date on Wednesday night, when Mr. Mintoff proposes the dissolution of Parliament.

With elections scheduled to be held sometime between September and November, both Mr. Mintoff's ruling Malta Labour Party and the Nationalist Party headed by Dr. George Borj Olivier are expected to publish their electoral programmes.

In broad terms Mr. Mintoff's party is out to secure the island's economic independence by replacing an annual income of £230m. currently being earned through Britain's military presence by industrial output, tourism and the dredging. Addressing the party over the weekend Mr. Mintoff said that a Presidential palace.

Advertisement

THE FINANCIAL TIMES has vacancies for young and fully qualified journalists to work on the Foreign Desk. Applicants should have experience in international affairs and should be fluent in at least one foreign language. There is also a vacancy for an experienced journalist to work as a night foreign sub-editor. Applicants should be able to operate under considerable pressure. Applications, including curriculum vitae and cuttings, to the Managing Editor.

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EXPORTS TO AUSTRALASIA

Managing Director of Sydney-based agency/distributor company is in the U.K. until October to talk with manufacturers interested in penetrating this expanding market. Contact: M. P. O'Neill, Humboldt Ltd., c/o The National Bank of Australia, 47/9, Tottenham Court Road, London, E.C.1.

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requiring those who can see and exploit tax opportunities. Write Box E.8454, Financial Times, 10, Cannon Street, EC4P 4BY.

SOUTH AFRICA

A well known South African engineering company, subsidiary of a British controlled public company, is setting up a new division to handle supply and contracting for major projects. The company wants to make contact with reputable companies who are interested in participating in the major investment programme being undertaken in the extractive and process industries in South Africa, and who have something special to offer in the way of technology and plant in any of the following fields:

- Mining machinery
- Metallurgical process plant
- One treatment plant
- Materials handling equipment
- Earthmoving machinery
- Chemical process plant

The Group Managing Director will be in the U.K. in September to open discussions with interested parties. Please write in the first instance to:

The Group Managing Director, Box E.8461, Financial Times, 10, Cannon Street, EC4P 4BY.

THE GULF Fire Prevention

British owned property management and maintenance company in Abu Dhabi is seeking a joint venture with a British company engaged in the above for contracts throughout the Gulf. Excellent opportunities exist. Meeting arranged with British proprietor in U.K. in September. Meanwhile, send full details of your activities to:

Chris Jamieson, 2 Park Hill, Ealing, London W.5.

Engineering Export

Engineering Company specialising in Capital Equipment which is mostly exported seeks to acquire companies or products with export potential. It is envisaged that existing overseas marketing skills and financial strength will present opportunity for greatly accelerated growth. Write Box E.8460, Financial Times, 10, Cannon Street, EC4P 4BY.

THE GULF Shop Fitters

British owned property management and maintenance company in Abu Dhabi is seeking a joint venture with a British company engaged in the above for contracts throughout the Gulf. Excellent opportunities exist. Meeting arranged with British proprietor in U.K. in September. Meanwhile, send full details of your activities to:

Chris Jamieson, 2 Park Hill, Ealing, London W.5.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHMIDT

MACHINE TOOLS

Churchill's one-armed autoloader

Sloping bed chucking lathe

DEVELOPED FOR first and second operation work, and capable of adaptation to form part of a link line where workpieces are moved through several machines, an autoloading system has been introduced by Churchill Machine Tool Co. A TI Machine Division company.

To fit standard single spindle automatic chucking machines made by Churchill, the system uses only one arm for loading and unloading (instead of the

usual two) and is bar-mounted above the machine's work area (saving floor space).

Pick-up can be either on bore, with a spring-loaded collet; or on the outside diameter, using spring-loaded fingers. Blanks are conveyed to the machine by a gravity feed chute tailored to suit the workpiece.

While machining is in progress, the arm takes the completed component to a gravity

discharge chute at the turret end of the machine, then parks above the chuck. With turning complete, and the machine turret between stations 4 and 5, the finished part is ejected from the chuck into a cradle mounted on the turret platen. The blank is loaded into the chuck and indexed part picked from the cradle. The loader, retracts and machining recommences.

Details from TI, PO Box 39, Coventry CV4 9DA (0203 75521).

Work height capacity is 21 inches, to give a full 14 x 14 inch workpiece capability at 45 deg. tilt.

These features give the saw the low speed needed to cut stainless and tough hard tool steels, and the high band speeds for cutting mild steel—it will cut 15 in. thick mild steel plate at 16 in./min.

The machine will also cut structural cross-sections, for which the company recommends its new multi-pitch silencer blade to reduce noise and vibration. Band feed is infinitely adjustable and servo-maintained.

Vibration damping construction using steel and concrete matrix components has been used, similar to earlier models. All controls except the head tilt crank are centrally located, and an optional hydraulic tilt is available.

Marketed by the U.S. company's subsidiary, DoALL Co. (U.K.), 12, Barton Road, Bletchley, Milton Keynes, Bucks, MK2 3JE (0906 71866), the machine will be shown at MACH 76, Birmingham, September 28 to October 2.

Designated DF 2N 2A machine will be shown for the first time in Western Europe at MACH 76 (National Exhibition Centre, Birmingham, Sept 28 to October 2) by the agent, Rembrandt Machine, Cannon Way, Holwell End, Watford, Herts, TW 38333. T. B. Robertson company.

number of bubbles counted. The meter senses the rate of change of resistance as bubble interfaces cross the probe tip and measures the void fraction as the proportion of time the probe tip spends inside the bubbles.

Noteworthy is that the reading is independent of liquid conductivity as it is the rate of change of resistance and not its absolute value that triggers off the sensor. The liquid needs only to be conducting.

The instrument is suitable both for laboratory and field use in any application where it is necessary to measure local concentrations of bubbles present so that their effects may be properly evaluated.

This instrument is constructed for sale in the department and further general information may be obtained from the Industrial and Business Liaison Office, University of Nottingham, NG7 2RD (telephone Nottingham 0602 56101, extension 25521).

Container modules are in two sizes—a 20 ft. ISO container will hold either 28 or 42. They are internally braced to carry a small package and to speed "stuffing" as they can be fork truck loaded into the container.

Details from Bowater Packaging, Portland House, Stage 10, London SW1E 5DJ (01-594 8444).

AN on-line monitor which will rapidly measure the concentration of organic matter in water from which all carbon dioxide has been removed. It enters a catalytic combustion tube maintained at 900 degrees C; the water is vaporised and all the carbonaceous material is oxidised to carbon dioxide. A turbidity method is then used to determine the concentration of the gas. After each test the programmer prepares the instrument for the next. The response time is five minutes for organic carbon, and the instrument can deal with carbon content from one to 5,000 mg/L.

The sample is metered directly into a flowing air stream from which all carbon dioxide has been removed. It enters a catalytic combustion tube maintained at 900 degrees C; the water is vaporised and all the carbonaceous material is oxidised to carbon dioxide. A turbidity method is then used to determine the concentration of the gas. After each test the programmer prepares the instrument for the next. The response time is five minutes for organic carbon, and the instrument can deal with carbon content from one to 5,000 mg/L.

Details from Delta Scientific of New York, Box 8085, is completely automated and should find application in waste water treatment plants, power stations and in many kinds of industrial waste treatment. It is designed to accept water samples, even with large particles, unmodified by filtration or homogenising.

The sample is metered directly into a flowing air stream from which all carbon dioxide has been removed. It enters a catalytic combustion tube maintained at 900 degrees C; the water is vaporised and all the carbonaceous material is oxidised to carbon dioxide. A turbidity method is then used to determine the concentration of the gas. After each test the programmer prepares the instrument for the next. The response time is five minutes for organic carbon, and the instrument can deal with carbon content from one to 5,000 mg/L.

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The Management Page

EDITED BY JOHN ELLIOTT

WORKER PARTICIPATION IN WEST GERMANY

Tests of power and responsibility

URING the time that members of the Bullock Inquiry were sitting West Germany to study at country's experience of worker participation in industry last month, a new law came into force that will extend the process probably as far as it goes. Some 650 companies employing 2000 or more people now have two years to devise and put into effect arrangements for filling half the seats on their supervisory boards with representatives of the work force. These representatives will not, however, take part in day-to-day management decisions because such decisions are the responsibility of the company's executive board. The new law, which came into force on July 1, is a landmark in the history of worker participation in Germany. It is the first time that a law has been passed which gives workers a formal role in the management of a company. The law applies to all companies with more than 2000 employees. It also applies to companies with between 500 and 2000 employees which are in the process of being reorganised or which are in financial difficulties. The law gives workers the right to elect representatives to the supervisory board. The representatives will have the same rights as the executive board members. They will be able to elect and dismiss the executive board members. They will also be able to elect and dismiss the members of the supervisory board. The law also gives workers the right to elect representatives to the company's works council. The works council will be responsible for representing the workers' interests in the company. It will also be responsible for negotiating with the company on matters relating to the workers' health and safety. The law is a significant step towards greater worker participation in Germany. It is a step which has been long overdue. The law is a testament to the fact that workers have the right to be involved in the management of the company in which they work.

not in strict theory, will almost always come from the shareholders' side, will be given a second tie-breaking vote. He will be able to exercise it only in a so-called "participation situation". The West German constitution includes guarantees for the right of property, and rather than face a second challenge to the right of property in the federal constitutional court, the Social Democratic-Free Democratic coalition decided it had to give shareholders the ultimate advantage. A second disappointment for the unions is the way in which the seats on the employees' side are to be filled. Although the exact numbers of members of a supervisory board will vary according to the number of employees in a company, only three out of a maximum of ten will actually be nominated by the unions themselves. Six of the remainder will be chosen from among the entire work force by a complex electoral college system, and the seventh will be a senior executive nominated (though not exclusively elected) by his peers. Union leaders are not happy about the senior executive, whom they seem to regard as a sort of Trojan horse likely to take the same view as the bankers, retired executive directors, major shareholders and customers who usually dominate the supervisory boards of West German companies. "For are they pleased about the other six members. At present, when many large companies have supervisory boards one-third filled by employees' representatives, these six are likely to be mainly works council chairmen and shop stewards—people with plenty of experience in company affairs, but whose views may not always coincide with those of their national union leaders. Understandably, employees feel that the representatives of the work force ought to be employees themselves. West German employers tend to take the view that employee relations are a matter of course, and most will not doubt swallow the cumbersome, expensive process of setting up the electoral college as a precaution against class-

destine rearmament, calculating that the presence of trade union leaders in Board rooms would divide and weaken the management of companies that were widely held to share the blame for precipitating the Second World War. Within a few years, however, the mitbestimmung system successfully took the strain of smoothing the process of modernisation and mechanisation in the industry. From 1951 when there were some 555,000 miners, producing 135m. tons of coal, the West German coal industry has contracted dramatically to the point where just over 202,000 miners, working in only 46 pits, produced 95m. tons in 1964 and just over 93m. tons in the recession year of 1975. This enormous reduction in manpower could probably not have been achieved without the boom conditions elsewhere in the economy during the 1950s and 1960s which offered opportunities in other industries. However, the involvement of union leaders as a matter of

Confidences

While it is difficult to generalise about the thousands of decisions (all, incidentally, taken behind closed doors) that West German company supervisory boards have taken under these two systems, there seems little immediate reason to expect, on the basis of past experience, that there will be a grab for strident "workers' control" under the new Act. Nor, for that matter, is there any obvious evidence to support those who fear that the unions will breach board-room confidences. On the contrary, the unions' involvement as supervisory board members in far-reaching decisions of corporate strategy appears in many ways to have bound them increasingly closely to the fate of companies. There is probably no better example than Volkswagen, which has as a vice-chairman of its supervisory board Herr Eugen Loderer, president of IG-Metall, the motor and engineering workers' union, and probably the single most influential man in the West German trade union movement.

Early last year Herr Loderer agreed with his colleagues on the need for VW to lay off thousands of its workers when the alternative appeared to be financial disaster. Subsequently, he appears to have accepted the view of the chairman of the VW executive board, Herr Toni Schmuecker, that many of the jobs lost are unlikely to be refilled. And finally, Herr Schmuecker was able to report on April 23 that the supervisory board, including five works council officials as well as Herr Loderer, was unanimous in its support of the management's long-deliberated plan to assemble cars in the U.S. "Only time will tell whether these were the right decisions: to take in the long-term interests of VW workers. So far, however, little or no opposition from within the union's ranks has been heard. Meanwhile, the improved results which the company has been reporting this year are a development in which unions leaders can take—and are readily given—as much credit as the management.

Fewer products but longer runs would improve the U.K.'s poor productivity according to a study of labour efficiency in international companies.

A case for Adam Smith

BY PETER RIDDELL

FOREIGN COUNTRIES' PRODUCTIVITY LEAD OVER UK

Cause	Germany %	France %	North America %
Output and length of production runs	51	11	201
Plant and machinery	5	5	6
Others including differences in product mix and capacity use	2	2	6
Strikes and restrictive practice	34	0	5
Manning and efficiency	81	51	6
Average lead	27	15	50

THE POOR productivity record of much of British industry by international standards has been a frequent theme of the many diagnoses of our economic ills. But apart from generalised anecdotes and assertions, there has been little attempt to identify the causes of productivity differences at the level of particular companies. However, a new study by Cliff Pratten of the Department of Applied Economics at Cambridge tries to explain and quantify the importance of such variations by looking at labour productivity in the various national operations of the same international companies. The advantage of comparing productivity of international companies is that management can be expected to know of variations between countries while a number of important factors affecting labour productivity, such as common products and technical knowledge should remain relatively constant. The study is based on information from 100 companies which employ about a tenth of the U.K. manufacturing workforce, and mainly refers to 1972.

The international comparisons—mentioned briefly in an article on this page last month—show that labour productivity is 50 per cent higher in North America than it is in the U.K. (or 56 per cent after adjusting for the number of employees). The difference is 27 per cent (35) for the German/U.K. comparison and 15 per cent (28) for France/Britain.

Product mix

The results are not greatly affected by the particular home base of the international group so that labour productivity in the North American and German operations is an average higher than at the U.K. operations of both overseas and U.K.-based groups. Moreover, when the productivity differentials in the sample are compared with manufacturing generally it is clear that the gap between Britain and other countries would be larger than indicated above, but the causes may be different with variations in product mix, management and investment being possibly more important. Mr. Pratten identifies three broad potential causes of difference—economic, behavioural and institutional

forces—and points to the important deviations from the assumptions made in competitive models. A summary of the causes is given in the accompanying table, with economic factors accounting for more than half the productivity differentials. Economic and behavioural differences interact with, for example, a record of slow growth affecting the attitude of management and labour. An estimate of the impact of particular forces is inevitably tentative but it is apparent that a higher level of output and longer production runs are a major reason for the differences between North America and the U.K. This in turn reflects the smaller U.K. market. An extreme illustration is an engineering company acquired by a U.S. group in 1971—one of a series of unnamed detailed examples quoted in the study. Productivity in the parent company was 200 per cent higher than in the U.K. even after a reduction in the labour force of a fifth. Differences in the length of production runs are cited as the most important single influence. The main machines took four hours to set up, but in the U.K. many runs were only for 30 minutes but could be as long as ten hours in the U.S. Other economic influences include the age of plant and machinery and techniques of production, though as two manufacturers of engineering components point out, there is a vicious circle where shorter production runs, lower wages and less capital equipment reinforce each other. But it is evident that the differences—especially between U.K. and German operations—cannot be wholly explained by economic factors and among the significant behavioural influences are less management

Efficient level

Perhaps the most significant and firmly established conclusion of the study is that it is very difficult for even an international company to determine an efficient level of productivity. Mr. Pratten is inevitably more nebulous and controversial when suggesting ways of improving productivity. His proposals range from the use of a single canteen in a plant, floating exchange rates, closer relations between clearing banks and industry, better information and consultation with employees and altered monopolies legislation. But, as he points out, the key factors are a narrow product range and long production runs. This means that companies need to develop strategies which will achieve either long runs of standard products which can be sold at prices providing a high level of value added for the companies and their U.K. suppliers. So it is back to Adam Smith, his pins, and the division of labour. Labour productivity differences within international companies. By C. F. Pratten. Cambridge University Press. Price £2.75.

U.K. based multi-nationals and others have warned that new worker director legislation in Germany could upset the country's post-war co-operative success. Reporting from Bonn, Adrian Dicks however suggests such fears may prove groundless because trade unions can still help managements.

Equal say

For the trade unions, the new law in several respects is a disappointing outcome to many years of steady lobbying in Bonn—despite the keen personal interest of the present Chancellor, Herr Helmut Schmidt, who points proudly to Mitbestimmung, as the system is called, is a key part of the country's economic success. German socialists have worked hard to achieve an equal say for workers in running their companies since the 1920s and won their first success when arrangements known as montan-mitbestimmung were set up by the allies in the coal, iron and steel industries 25 years ago. One problem with the new law, however, is that it does not give the unions the parity they have long sought on companies' supervisory boards. Although there will be equal numbers of people sitting on the shareholders side of the table and on the employees' side, the chairman (who in practice, if

will be a senior executive nominated (though not exclusively elected) by his peers. Union leaders are not happy about the senior executive, whom they seem to regard as a sort of Trojan horse likely to take the same view as the bankers, retired executive directors, major shareholders and customers who usually dominate the supervisory boards of West German companies. "For are they pleased about the other six members. At present, when many large companies have supervisory boards one-third filled by employees' representatives, these six are likely to be mainly works council chairmen and shop stewards—people with plenty of experience in company affairs, but whose views may not always coincide with those of their national union leaders. Understandably, employees feel that the representatives of the work force ought to be employees themselves. West German employers tend to take the view that employee relations are a matter of course, and most will not doubt swallow the cumbersome, expensive process of setting up the electoral college as a precaution against class-

Some German executives say they are afraid of the unions' acquiring so much power over the private sector in case they later break the habits of the post-war era and act in a political way. Far-fetched though it seems to any foreign observer of either the West German Social Democrats or the trade unions, there is unquestionably a certain amount of "political mileage" in the Right-wing Christian Democratic argument that greater union power over private industry is a step towards Socialism, which is a step towards Communism. Anyone beguiled by such talk should look at the record of mitbestimmung in the two forms in which it already exists. Indeed, it was ironic that when some newspapers were running stories a few weeks ago about the potential pitfalls of the new Act, others were printing ringing declarations on the 25th anniversary of the coal and steel mitbestimmung system. Initially, the Western allies imposed this system on the two industries as a precaution against class-

The second form in which qualified worker participation

Bedding company prepares managers for Europe

AN UNUSUAL type of initiative test aimed at improving the end of a four year management training programme are exports as well as building given a return ticket to Germany. The company, which has been devised by many, plus a crash course in the language, and then told to pany, for its management go and support themselves in the country for six months.

The trainees have to obtain their own work permits and find themselves jobs and a place to live. Four young men returned from Germany this summer having completed the project successfully, albeit on a diet of baked beans and sausages. With unemployment relatively high in Germany at present, they reported that their biggest difficulty had been finding work. Accommodation also proved to be expensive—up to £20 a week for a small room. The jobs they eventually took ranged from rolling sample cigarettes at a tobacco factory to planting trees for a local authority. Silentnight is hoping that its programme—which rounds out jokes about there being no soft options in the bedding industry—will help it build up a pool of managers who will be at home in the European market. It reckons that having people with a first-hand knowledge of another European country and its language will prove invaluable. The Silentnight group already has representatives in Europe and it uses German machinery and markets German furniture. Trainees who complete the project without having to be bled out return to take up jobs at junior management level. Sue Cameron

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The English Card Clothing Co. Ltd.

SUMMARY OF RESULTS	1976	1975
Sales	£13,155	£13,556
Profit before taxation	1,546	2,867
Profit after taxation	816	1,207
Earnings of the year attributable to Ordinary shareholders	456	899
Per share	8.0p	17.5p
Ordinary dividend per share	2.38p	2.18p

Highlights from the statement by: Simon Rothery, Chairman.

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TUESDAY, AUGUST 10, 1976

The prizes go to Japan

THE OECD report on Japan published today is broadly congratulatory and deservedly so. The Japanese performance in dealing with the economic problems of the past two years or so has indeed been quite remarkable as the earlier years of high economic growth. A few examples will illustrate the point. In February, 1974, the year-to-year increase in wholesale prices reached a peak of 37 per cent. by the autumn of 1975—though rising again now—it was down to less than 1 per cent. There was a similar reduction in the level of wage settlements. Again, on current account, the large deficit in 1974 gave way to equilibrium in 1975 and to a considerable surplus in the first few months of this year.

The report also records some other notable achievements which show an enviable ability to adapt to new opportunities. In 1975, for example, exports to the Middle East and the Sino-Soviet area increased by 65 and 19 per cent. respectively. Nor was that only a temporary phenomenon. In the past five years the combined share of these markets rose from 8.2 per cent. of total Japanese exports to over 18 per cent.

Slack

Even now, with recovery from the longest and deepest post-war recession under way and first quarter GNP advancing at an annual rate of nearly 15 per cent., there is still substantial slack. In March this year industrial production, though rising sharply, was still 7.8 per cent. below its peak in November 1973: in the manufacturing sector alone it was nearer 20 per cent. below. Measured in terms of "GNP gap"—the difference between actual and potential GNP—the OECD reckons that the margin of unutilised resources was still around 10 per cent. in the spring of this year.

With a performance like that, who needs advice from outside? And indeed the OECD, as in its

remarks on the U.S. economy last week, confines itself largely to the need to consolidate the recovery without rekindling inflation. There is a warning note about the desirability of reducing the unused resources in order to keep the recovery going and to restore business and consumer confidence, but that is about it.

What is interesting, however, is that having overcome the recession Japan is seeking a different kind of economic development for the future. It is now going through what the OECD calls a "transition to a more social welfare-oriented economy". The change is deliberate and is laid down in the medium term Economic Plan to 1980. Essentially it reflects a general consensus in favour of slower growth (slower, that is, than the average of 9.1 per cent. in the period 1956-74) and a more pronounced orientation of resources towards welfare. The growth rate, according to the Plan, will come down to an average 6.1 per cent. a year.

Taxation

The Plan also provides for a significant increase in the tax burden which the OECD notes may have implications on the inflation front. Yet, comparing the Japanese to other economies, it would seem that there is sufficient leeway for this to take place without major disruption. As a percentage of GNP taxation in Japan was running at an average of only 21.37 in the early 1970s against 24.22 in Britain, 27.50 in the U.S. and an OECD average of 31.00. Japanese social security contributions, which would obviously have to go up, are also remarkably low as a share of GNP by OECD standards. There may, of course, be unpredictable political factors, but on paper the economic aims of the Plan look achievable. Certainly judging by the way the Japanese have dealt with their economic problems of the past, there seems no reason for undue scepticism now.

U.K. inflation now on a plateau

WHEN Mr. Macmillan was Chancellor of the Exchequer in 1956 his aim—not quite achieved—was to secure a price plateau, as at least a temporary breathing space in the inflationary process. No one supposes that a price plateau is worth talking about today. There are signs, however, of an inflation plateau. This is a very different thing and represents merely stability in the rate at which prices are increasing.

Judging by retail prices, the underlying rate of inflation has remained at about 13 per cent. for the whole of the first half of 1976. The July Wholesale Price Index was 14.4 per cent. above that of a year ago. This index too has shown a stable rate of increase for some months past. It has been more or less officially admitted that the plateau is likely to remain for the rest of the year and that hopes for moving down to a single figure percentage rate of increase have been postponed until well into 1977.

Two forces

In the meanwhile, however, there should be two opposing forces working on prices. There will be the lower wage norm; but this will be offset by the effects of the recent sterling depreciation, which has still to come through into the domestic price level. Even without the depreciation, the recovery in world commodity prices would also have affected British import prices. The two effects cannot be relied upon to offset each other exactly and there could be wobbles on the plateau.

A slight wobble is produced by the tendency of companies to make price increases at the beginning of every quarter under the Price Code procedures. This helps to explain why the July index for non-food manufactured products rose by 1.1 per cent., which is rather higher than in earlier months. But this particular fluctuation is too small to affect the general inflationary picture.

An important fluctuation is in the index for materials and fuel purchased by manufacturing industry. This rose by a half per cent. in July, the smallest in

creases since April, 1975. Unfortunately the improvement here is highly deceptive. It mainly reflects the fact that the average value of sterling was 1.1 per cent. higher in July than in June. This in turn reflected the June sterling crisis which culminated in the Central Bank credit package that month and the fiscal measures of July. No one would claim that sterling has started on a long-term upward trend. Indeed the estimated OECD inflation rate of 8 per cent. is equivalent to the rate which the U.K. hopes to achieve over a year from now. Thus there is some way to go before one can talk about a stable exchange rate being on the horizon.

Shop prices

Because the official index of imported materials depends on international price levels, it tends to be somewhat different from the prices which are actually being paid by industrial sectors, especially those which are far back in the production process. Thus, the recent sterling depreciation has already had most of its effect on the index of imported materials but has still to affect the wholesale price of manufactured products, let alone final prices in the shops.

The main possible source of relief in the months ahead comes from wages. A slowdown here does not depend on the 4.1 per cent. norm being literally followed. The 5.6 limit was theoretically worth 10 to 11 per cent., but the actual rise in earnings per head has been about 15 per cent.—a gap partly due to anticipated moves towards equal pay, as well as overtime earnings and other slippages. Thus there would be some deceleration in wage costs even if earnings rose by say 9 to 10 per cent., or twice the norm. But at best this will take us to the late summer of 1977, when economic recovery should be further advanced, the demand for labour should be a good deal higher and a backlog of anomalies will have accumulated from two years of rigid pay restraint. It is difficult to argue with the view that if the inflation rate does dip into single figures, it will not be for very long.

The initiative has swung away from the developing country producers. An assessment by Rhys Davies

Aluminium giants recover their self-confidence

THE HANDFUL of companies which dominate the world's aluminium industry are beginning to recover their self-confidence. Not only are prices and profits rising in line with improving sales, but they are also feeling less vulnerable to the demands and embargoes of the developing countries. For while a number of these countries are using their bauxite or energy resources to build new aluminium smelters, it is becoming increasingly evident that their investments are not about to change the balance of power in the industry, at least in the near term, and the established producers can afford to select carefully which of the new schemes they associate themselves with.

The recovery which has taken place so far is the result of substantial increases in demand from main markets around the world as activity in building, packaging, vehicles and other important aluminium-using industries has picked up. All four big North American producers—Alcoa, Alcan, Reynolds, and Kaiser—have announced improvements in their results for the first six months of the year. In Europe, too, where the world's two other "majors"—Alderslade and Pechiney—are located, producers have returned to profit this year.

The industry has responded to the better demand—up as much as 30 per cent. in the first six months of this year over last year's very depressed levels—by raising prices. Alcoa announced last week a hefty 4 U.S. cents per lb rise in price to 45 cents per lb in its U.S. price while Kaiser has decided to raise its international price by the same amount again to 48 cents.

Hopes that the recovery on this occasion will lead to a prolonged period of higher profitability are based on the shortage of supply which is now expected to develop over the remainder of the decade. Poor returns in recent years—mainly as a result of inflation and price controls in a number of countries—has meant that very little new capacity has been added. Whereas total Western world capacity increased between 1968 and 1972 by 83 per cent., in the six years to 1975 the increase is put at only 26 per cent. Present world capacity of 13.8m. tonnes is expected to rise by only 10 per cent. to 15.2m. tonnes by 1979.

Some leeway exists in the form of stocks—a total of 4.3m. tonnes in May against a peak of 4.9m. tonnes in August last year—and in unused capacity. The industry dropped to under 80 per cent. capacity utilisation last year; it is expected to reach around 90 per cent. by the end of this year and could be at full operating rate a year later. Thus, shortages could be

quoting as necessary to justify major expansion of facilities, the cost of which is estimated to have doubled since 1973.

In the past few years most of the running on new investment has come from the developing countries, anxious to take advantage of locally available bauxite or energy resources to move forward into manufactured products of greater added value.

Thus Venezuela is planning to increase its own smelting capacity to 400,000 tonnes—greater than the U.K.'s total output—using Caribbean bauxite and its own energy resources. Mexico and Jamaica have commissioned Alcan to carry out a feasibility study for a proposed 150,000 tonnes per year smelter at Veracruz, Mexico, and Jamaica is also participating in another scheme with Guyana and Trinidad which would involve the construction of two smelters with a total capacity of 225,000 tonnes.

Brazil, where a consortium of aluminium producers is helping to develop vast bauxite resources, is expected to become a major aluminium producer.

on the way, even though medium term growth in demand at possibly around 5 per cent. per annum is expected to be somewhat lower than the 8 per cent. per annum rate set by the industry in the 1950s and 1960s. The tightening in supply is also being brought forward by the prolonged strike which has shut down much of Alcan's Canadian capacity. The strike, over a new wage contract, has already lasted two months, and even when settled it will take three months to bring the plants back into operation, with the minimum cost for the damage to equipment, caused by the sudden and disorderly nature of the shutdown, put at \$25m.

This is likely to make itself felt in Alcan's balance sheet for some time, but like the rest of the industry Alcan will eventually profit from the tightening supply situation. According to Mr. Stewart Spector, a leading aluminium industry analyst with Oppenheimer, New York stockbrokers, the price of aluminium could rise to 50 U.S. cents by early next year—and to 55 cents by the end of 1977.

When the 55 cents level is reached, the industry will be close to the figure it has been

For some time the established companies have been seeking to reduce their dependence on highly cyclical sales of aluminium ingot, by devoting more of their resources to the manufacture of semi-fabricated products, such as sheet for making cans and packaging foil, and extrusions for use by the building and motor component industries.

They have, in any case, been doubtful about the economics of some of the new developing country schemes. Much better financial results, coupled with more favourable trends in energy and bauxite supply, now seem likely to give the established producers greater flexibility to choose when and where they will become involved—or whether to go ahead with their own projects—and to dictate the terms of their participation.

As a result of the recession the companies have found a breathing space in which to plan ahead their raw material supply. In bauxite the much reduced requirements of the industry as a result of the big drop in production last year has weakened the bauxite producers' efforts to establish a common front. Jamaica, which led the way in 1974 with a major increase in levies, last year had to lower the minimum production requirements imposed on the companies and postpone plans for increases in charges.

The big companies have also widened their supply net. Mr. Cornell Maier, president of Kaiser which reached agreement in bauxite the industry could

therefore be entering a new period of choice which will help to hold costs down. In energy, major problems remain in locating economic new sources of supply and this will largely determine where new capacity is installed. In the U.S. and Europe the scope for further exploitation of cheap hydro-power is limited and in the U.S. supplies of traditionally cheap natural gas are also running out.

The Jamaicans are still negotiating with Alcan but have been unable to agree a formula for costing alumina exports. Alcan is understood to have offered to sell its entire alumina operation to the Jamaicans but acute economic problems on the island as a result of the recession are frustrating this. The Jamaicans for their part are hoping the new smelters will provide substantial new outlets for their bauxite and alumina and they are also seeking to extend their sales to potential new smelters in the Middle East.

The "majors" have also been trying to reduce their dependence on imports of bauxite with the development of alternative sources of alumina. Alcan is on the point of bringing into operation jointly with Pechiney a 20 tonnes per day pilot plant at Marseilles which will use a new acid process for extracting alumina from clays. The big U.S. companies are also engaged in similar programmes.

In bauxite the industry could

WORLD ALUMINIUM SMELTER CAPACITY

	Actual					Estimated	
	1972	1973	1974	1975	1976	1977	1978
Europe	2,915	3,179	3,528	3,634	3,729	3,753	3,811
Africa	264	264	309	384	414	429	440
Asia	1,420	1,614	1,821	2,028	2,160	2,192	2,221
N. & Cent. America	5,475	5,530	5,603	5,581	5,663	5,772	5,777
S. America	204	228	251	405	406	401	398
Oceania	315	343	343	347	398	398	398
Total	10,593	11,158	11,855	12,380	12,770	13,034	13,221
Increase	—	565	697	525	390	256	11
Change (per cent.)	—	+5.3	+6.2	+4.4	+3.2	+2.0	+1.1

Source: Bureau, Fr. of Trade

THE CLIMB FROM RECESSION

	ALCOA		REYNOLDS		ALCAN		KAISER	
	1975	1976	1975	1976	1975	1976	1975	1976
Sales	\$m.	\$m.	\$m.	\$m.	\$m.	\$m.	\$m.	\$m.
Income	574.6	577.6	419	470	583	580	403	417
Shipments	31.5	18.9	205	13.2	17.6	4.5	33	12.6
(1,000 tonnes)	323	321	226	286	201	358	153	198
Shipments	—	—	—	—	—	—	—	—

Source: company data

Unused hydro power

Alcan is better placed being able to draw on unused hydro electric power within its own system in Canada. This coupled with modernisation could enable the company to achieve a 30 per cent. increase in capacity. Mr. David Culver, vice-president for North American operations, told a recent Alcan seminar in Montreal. The company has recently undertaken a successful \$125m. equity raising exercise in North America which will help to provide it with funds for expansion, but action is likely to be delayed until there are signs that labour relations in Canada are set for a somewhat smoother course.

While most Western producers face problems, however, in finding energy supplies, the

economics of using oil or gas to power new aluminium plants in the Middle East also being questioned. According to Mr. Spector, if the East countries base oil on new projects on the alternative value of the smaller costs could be 34-31 per cent. higher than other projects. This is because of higher unit labour and of costs likely to be incurred remote locations away from main markets.

As in the case of bauxite, recession has given industry in developed countries time to examine alternative ways of meeting its future energy requirements. In U.S. the greater use of coal nuclear energy to power aluminium smelters—though possibly not much before mid 1980s—is now being looked at. Alcoa also began product in May this year at a new plant in Texas which uses a new energy-intensive method making aluminium and is evaluating the results.

The recovery in the industry's prospects is only beginning. Much will depend on whether the more favourable trends emerging in price continues and equally on the success of the developing countries in bringing new projects on stream economically and on time. But for the time being the big producers are content to bide their time.

MEN AND MATTERS

Rendering unto ASTMS...

Next month will see the start of a determined, if "low key" campaign to persuade clergymen of the benefits of joining a trade union. How that is to be tackled will be decided at the meeting of 20 Church of England clergymen in Manchester who have become the first ministers in Britain to join a union.

At the same time there is likely to be an attempt to get support from the inter-denominational Association for the Clergy, a year-old organisation which has just done a survey on the financial plight of clergy concluding that up to a third are living at or near the poverty line. However, it seems unlikely that the association will be very receptive to overtures from the Clergy in Association of Scientific, Technical and Managerial Staffs. One leading member of the association yesterday described the idea of his colleagues joining a union as "ludicrous. How could they ever consider going on strike?"

Rev. Christopher Ford, leading light of the Manchester unionists (there are also about ten Methodist ministers in the city who have become ASTMS members), rejected the notion that belonging to the union opened the door to eventual "industrial action."

He said the main advantage to be gained from membership was to have the advice of the union's officials in deciding a policy to improve the clergy's lot. Apart from low wages—Ford, as a curate, receives the minimum of £1,640 a year—there is the added irritation that Anglican clergymen are technically self-employed, having to pay their own £2.41 national insurance stamp, plus for most of them the 8 per cent. self-employed levy. From April 1978 it is planned that all clergy



"Ha! ... and straighten that tie!"

should become in effect fully employed, which will lift the financial burden somewhat. It will also make them eligible for unemployment benefits; mention of that has an unpleasantly topical ring at least one senior churchman is on record as warning about possible redundancies to come.

With the future looking apparently so unkind, it may be hard to imagine whether ASTMS or any other body can push for significantly higher wages, though 24-year-old Ford reckoned yesterday there was an urgent need to examine "the whole question of church finances."

ASTMS itself pointed out that the principle of clergy having pay determined by review or negotiation is not all that strange: the 400 chaplains in the armed forces have their earnings linked to reviews in services pay, and chaplains in prisons and the health service benefit from public service union settlements.

As for the principle of church-

men as paid-up unionists, Ford declares his attitude in the latest ASTMS Journal: "Industrial relations involve a lot of pain and a lot of bruising and for the Church to really get down to negotiations will mean it will have a far greater understanding of trade unionism and I hope the trade union movement will have a greater understanding of the clergy and who and what we represent."

Strip off

The performance of the England football team in the last two years has hardly proved a fit subject for imitation by foreign competitors. But the same cannot be said for the people who manufacture its shirts.

Admiral Sportswear, the Leicester company which designs and manufactures most of the kit for England and club sides such as Leeds United, Manchester United and FA Cup holders Southampton, has come under attack from the pirates of the international textile trade.

It is currently receiving consignments of shirts from its Singapore agent bearing the Admiral trademark and the momentous words "Made in England." In fact the shirts are being turned out in Bangkok, Thailand, and Penang in Singapore's neighbouring State of Malaysia.

The company has called in the help of the Department of Trade but the problem is that neither Thailand nor Singapore have signed the International Conventions for the Protection of Industrial Property which cover trade mark infringement and unfair competition.

After showing an 800 per cent. increase in turnover in the last seven years, Admiral is placing more faith on its traditionally fast footwork to counter the pirates. By frequent alterations of strips involving complex design

changes, it hopes to stay far ahead of the Far East competition. It also achieves the not insignificant target of constantly stimulating demand at home as schoolboys rush to imitate their heroes.

Ringtime

Even dedicated opera-goers must have felt a fluttering in the wallet when Covent Garden announced the ticket prices for this year's performance of Wagner's *Ring*: a stalls seat for the four operas costs no less than £80. But for any fanatic Wagnerites with a mind to save a few pence, there is the chance between now and October 3 to hear no less than 22 complete cycles, a total of about 330 hours of music—and all absolutely free of charge.

These are not, of course, live performances but the Decca record version conducted by Sir Georg Solti. They can be heard at the Victoria and Albert Museum as part of a Theatre Museum presentation called the Richard Wagner non stop Ring show.

An exhibition of Ring stage designs flanks a network of perforated screens, which make up a series of small interconnected rooms. These are furnished with large cushions for listeners (and sleepers?) and to while away the time during any boring bits there is a Wagner crossword to fill in as well as a broadsheet reprint of some of the early reviews of the work, with all its "noisome gods and revolting heroes," not forgetting "gruesome horrors and nameless abominations."

Clunk

What would happen if you dropped a 25-pound weight on a budgie? You'd kill a bird with two stuns.

Observer

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Your first sip of Famous Grouse whisky will tell you why it costs a little more than its rivals. We scarcely need to spell out the ancient pedigree of this mellow, balanced blend—for here is bottled history. Enough to say that Famous Grouse whisky is the cumulative creation of one distinguished family who have been blending fine whiskies since 1800. So call it taste, discernment, what you will, this is the whisky for you.



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Watching for new smoke signals

BY KENNETH GOODING

IF DAY is not far off when a British will be offered some cigarettes not made entirely of tobacco. It is expected that the next year a number of brands will go on sale in the U.K. which will contain some of the new smoking materials developed partly in response to the growing concern about the effect of smoking on health.

The attention of the tobacco industry the world over will be focused on the U.K. in what happens here will provide a lead for many other countries.

The timing of the change depends on when the committee set up by Dr. Robert Hunter, Chancellor and principal of Edinburgh University, gives the green light. This committee is set up in 1973 to look into a whole question of smoking and health, and has been responsible for monitoring the work done on new smoking materials.

There has been some delay because the Government wanted to give the Hunter committee some statutory status to introduce legislation to bring tobacco substitutes and derivatives into the orbit of the Tobacco Act. The necessary changes to the Tobacco Act would be found next session, should not be long afterwards at the Hunter committee gives the go-ahead to the "supplements" as the industry has dubbed the new smoking materials.

The reason the rest of the world is taking such an interest in this is that no other country has an organisation like Hunter committee. Once Hunter has decided there is no objection to the supplements, which is regarded by the industry as a foregone conclusion, companies all over the world will rely on that decision when countering any possible objections to launches of their own brands containing supplements. This is something they are ready to do pretty quickly.

But getting tacit reassurance that the new materials will not do damage to the smoker is only part of the story. The marketing problems remain, because so far there is very little evidence about how the smokers will react to cigarettes containing the supplements.

In the past the public has been offered and bought cigarettes containing tobacco mixed with any number of other substances. Lime flowers, clover, watercress, raspberry and chrysanthemum leaves and dandelions were all tried. However, this was during the first and the second world wars, when the cigarette manufacturers just could not get enough tobacco.

The question is: Will smokers buy cigarettes with supplement when all tobacco brands are freely available?

Dismal flop

The cigarette manufacturer believes it would be dangerous to tamper with the blend used for any brand already selling well. This undoubtedly would change its characteristics. But the outlook for any new brand is remarkably uncertain—it is estimated that 88 per cent. of brands launched over the past ten years have failed.

The experience of the supplement cigarettes launched in West Germany at the end of 1975 also caused a shudder through the industry. Two brands were put on the market

and both flopped dismally by any standards.

These failures were enough to cause the German-based international chemical concern, Bayer, to re-think its involvement in tobacco supplements. As a result it ended its arrangement with the Reemtsma tobacco group for a joint supplement project and has decided to let other companies carry on with the pioneering work for a while.

In the U.K., Courtaulds has taken a similar step, but for a different reason. Like some other groups involved in the supplements business, Courtaulds came in because the new smoking materials were developed from existing cellulose technology. The group was also already supplying the industry as a major manufacturer of cigarette filters and filter tow.

Over the past ten years Courtaulds has spent around £1m. on research and development on its supplement—called Taberle—but stopped short when it saw the guidelines published by the Hunter committee in July last year outlining what manufacturers must do before being able to market their products.

Manufacturers have to carry out tests in three stages. The first consists of assays of smoke chemistry of the products under combustion conditions experienced during normal smoking, together with studies on rats and monkeys.

If the results of this first stage are approved, then there follow short-term studies on group has not quit the arena entirely. If other companies prove that the supplement business can be a worthwhile one, Courtaulds could have a plant in production within a year from a decision to go ahead. This would involve investment of £10m. to £20m. Two other organisations which were once developing supplements have also left the arena.

The Scotch Co-operative Wholesale Society's project was brought to a halt once it saw how much the Hunter committee tests would cost. And Polystrep of Switzerland—which was not basing its product on cellulose technology but refused to give any further details—apparently pulled out after seeing what happened in Germany.

This has left only a few companies to continue the spade work of developing the market. They include Imperial Chemical Industries and Imperial Tobacco. These two are huge groups but, even so, the investment they have ploughed in so far—more than £20m.—is a significant sum.

ICI and Imperial have a joint company, New Smoking Materials, which has spent be-

tween £6m. and £7m. on developing a supplement called NSM. Two thirds of this expenditure was borne by Imperial which on its own account has built a plant at Ardeer in Scotland at a cost of nearly £14m. to produce NSM commercially. The idea is that this factory should be able to produce 30m lbs. of NSM a year and have room for expansion. Some of its output would be exported.

The Ardeer plant is ready for full production and two of the planned 150 employees have been taken on and are standing by for the time when the Hunter committee says "go."

The first company in the supplements field was the Celanese Corporation of the U.S., which began investigating the concept of tobacco supplement based on a modified cellulose as far back as 1957. Celanese has spent \$14m. on development costs alone on the supplement it has called "Cytrol." It has a plant in Maryland to produce Cytrol which is currently being doubled in capacity so that it could turn out 20m. lbs a year. Celanese has a five-year supply contract with Gallaher and Carreras Rothmans in the U.K.

It was Cytrol which was incorporated into the two supplement brands launched in Germany—Peer Leicht from the Brinkmann concern and Leuch Classen from British-American Tobacco, the former containing 20 per cent. and the latter 25 per cent. of Cytrol.

Mr. Laurie Muskett, marketing development Cytrol smoking products, who is based at Amiel, the Celanese subsidiary in Brussels, believes that the failure of the two brands can be blamed on the fact that they were rushed too quickly on to the market and at the worst possible time—just before Christmas.

"There was no public relations work done to explain to people what the new brands were trying to achieve and what supplements are all about. Unfortunately, the Press dubbed the brand 'ersatz', thus reviving wartime memories of the awful things people smoked and drank at that time," he points out.

Mr. Muskett also takes heart from the experience in Switzerland where the "Peer Special" brand, containing 20 per cent. Cytrol, has, in contrast to the German experience, seen sales holding up well. Peer Special is made by Laurens Rothmans.

Resistance to the introduction of supplements from the tobacco growers does not dissuade Celanese. The company supports the view that there will be shortages of tobacco in the future which the supplement will help to fill. An authoritative estimate of this shortfall in tobacco was given by Mr. Andrew Shepherd in a paper published last year by the Economist Intelligence Unit and called "Prospects for Unmanufactured Tobacco to 1984."

Shortage

Thus, supplements would offset only part of the shortage of tobacco and Mr. Shepherd feels that they could be absorbed into cigarettes without seriously affecting the demand for natural tobacco or the prices paid to farmers.

If annual consumption of the supplements does reach 30m. lbs. then the investment made by ICI, Imperial and Celanese will pay off handsomely. Courtaulds and Bayer would certainly get back in on the action, too—"we are ready to supply a market, should it develop, in a very short time," Bayer says.

In the shorter term, everyone is waiting for the verdict of the U.K. market where the tobacco companies have taken care to see that the public and the media have been better informed about the supplement than was the case in Germany. The industry generally supports the view expressed by Mr. Muskett: "We expect a gradual build up of demand, not an overnight success." But, as Mr. Shepherd points out in his EIU paper, if the cellulose-tobacco blends sell well in the U.K., repeating the Swiss experience, then supplement manufacturers can breathe a sigh of relief, if not, then they must start asking whether it was all worthwhile.



Imperial's £14m. plant at Ardeer in Scotland is ready for full production.

Wages and inflation

Mr. Wynne Godley

Sir—I agree with Samuel Brittan's complaint in his article "Treasury Fables" (August 4) that the public discussion of economic strategy is ill served by the presentation of two alternative policies, one pessimistic and one optimistic, without any proper analysis of the strategic options, even the objectives and instruments of policy.

But I strongly contest his proposition that the sustainable rate of unemployment rate (below which inflation is about 1m.) which is asserted, without citation, "can be demonstrated" econometrically. It is also quite apparent from looking at the official unemployment graph that the official unemployment rate has not been 1m. since 1950 when unemployment averaged 300,000 and not a single time even reached half a million. So that the rate of increase in the unemployment rate in the early seventies, these graphs, in other words, provide striking evidence that Brittan's proposition is in-adequate.

The econometric studies (of which I know) so far from demonstrating Samuel Brittan's proposition, have had, as the upshot would lead one to expect, even to recover the correct rate of unemployment in the wage equation and some that do serious technical defects.

In *Parkin, Summer and 1974* (Manchester, 1974) the significant negative coefficient unemployment is entirely additional on the imposition of a prior constraint which, as shown (DAE, *Summer 1974*) demonstrated, the evidence is close to rejecting; and so with the constraint imposed a coefficient is small and only determined. This equation neatly failed, moreover, to deliver the inflation rate predicted subsequent to the 1968 analysis.

In *Gray, Parkin and Summer 1975* (Manchester, 1975) the negative coefficient is rejected by inclusion of a term unemployment benefit relative pay. While it could be the case that the rise in benefit has a factor making for faster wage acceleration, given the unemployment rate, this has by no means been econometrically demonstrated.

Incongruently, different results are obtained by inclusion of dummy variables (equivalent devices) and, indeed, negative coefficient is rejected precisely in this way by us (IMR Staff Papers 1976). This calls the effect "the lag of income policy."

Finally, *Parkin, Brookings Economic Activity, 1975* recovers small and insignificant coefficient of the "right" sign by inclusion of two lagged price as the coefficients on which the elasticity of this result, the additional prediction of the action for the rise in wages between 1974 and 1976 is too large by an absurd amount.

All the work referred to in average wage rates or wages are used as the measure of inflation. As shown in *Gray, Parkin and Summer 1976* (Economic Policy Review 1976) is inappropriate because the relationship between unemployment and wage inflation is a matter of desperate importance for the management of the economy. Unfortunately, very little is known about it and whatever has yet been

Letters to the Editor

demonstrated except that wage inflation in the late 1950s it did decelerate at a very high pressure of demand for labour and can accelerate (because between 1970 and 1972 it did) at relatively low pressure.

Wynne Godley

Dept. of Applied Economics, University of Cambridge, Sidgwick Avenue, Cambridge.

[In Mr. Godley's second paragraph "below" is correctly substituted for the word "above" which mistakenly appeared in Mr. Brittan's article.]

Municipal transport

From the Chief Executive, Hutton Borough Council

Sir—In your home news item (August 4) on the National Bus Company's response to the Government Transportation Policy Document, you referred to the case advanced by the NBC for taking over the bus undertakings of district councils. I offer you the following facts which relate to the bus undertaking of one quite ordinary and quite typical district council—Hutton Borough Council in Cheshire.

Our 50 bus levels are approximately 50 per cent. lower than those of the NBC. The undertaking is in no way subsidised either from the local council or from the district council's general fund. It is operated as a trading undertaking, and will this year provide a surplus of approximately £80,000. It is entirely self-financing. Its buildings and its buses are purchased through renewal funds, assiduously built up out of surpluses over years past.

During public participation on the council's structure plan, the only favourable comment made upon public transport anywhere in the county, related to the efficiency and service of this undertaking. Measured by volume, it is the only favourable comment made upon public transport anywhere in the county, related to the efficiency and service of this undertaking. Measured by volume, it is the only favourable comment made upon public transport anywhere in the county, related to the efficiency and service of this undertaking.

Our industrial relations record is second to none. In the previous 12 months, not one day has been lost through industrial disputes. We carry about 9m. passengers a year, and operate approximately 50 vehicles. Workers and management sit in the same buildings, often sharing the same bus. All operations are made directly by management immediately in contact with the work force.

I would suggest that our experience demonstrates that small is beautiful, and that the economy of scale proposed by the NBC could not result in as satisfactory and effective performance as I hope. I have demonstrated.

I would wish to see in relation to each of the NBC operators, their record on each of the above facts, and perhaps before we all agreed that there are economies of scale, we should be prepared to investigate in more depth the activities of the small municipal transport operator, and perhaps there may be some lessons some where.

Ronald Turton

Municipal Building, Kingsway, Widnes.

Letters to the Editor

underemployment will for a long time to come be the principal social problem which the nations, developing countries cannot afford mismanagement through incompetent government for any length of time. This is why the arduous task of leading a country over the hard road back to a state of economic order and stability normally falls to others than those who were responsible for the ills. But it is wrong to blame the consequences of earlier errors and mismanagement on those who have inherited the thankless task of introducing the corrective measures.

In my 25 years of work in Latin America and of close relationship with most countries of the region I have lived the ups and downs of their fortunes. If there ever was a classical example, of how to undermine an economy, start a run-away inflation, and lead a country into economic bankruptcy it was that of Chile under the Allende administration. Any successor Government, whether civilian or military, would have had to prescribe the same bitter medicine for regaining a measure of economic order and stability.

In my view the present Government of Chile has done far better than could be expected by anyone who was familiar with the economic and political chaos as the country was forced to step in. One cannot mix political creeds with facts on economic performance and one cannot lay the blame for the hardship caused by Chile's current efforts for regaining stability at the doorstep of the Junta.

Ernst Keller

6375, Beckenhof NW, Chaux-Buen Retiro, Switzerland.

The water wasters

From Mr. R. Beal

Sir—I was interested to read Mr. P. E. Millington's letter (August 5) under the heading "Water wasters."

My company has an interesting problem arising from this subject. We have the facility to obtain water from a private source, which would, after use in processing, be returned to the source. We could also save water by recycling.

But, and here is the rub, we are subject to a minimum charge for water, based on rateable value. We are a comparatively large factory with a small water usage and our quarterly charge, based purely on consumption, has for some years failed to reach our quarterly minimum charge.

Consumption charges and minimum charges have risen steadily over the past seven years, and as our consumption of water has not increased to any great extent, we have in effect been paying an increased price per thousand gallons due to our low consumption. If we cut that consumption still further the cost per thousand gallons will increase further, plus the cost incurred in recycling and pumping, etc. It is hard to see how "equipment for recycling can be paid for out of water savings in a matter of months," as Mr. Millington states.

The water authority claims that a large proportion of its costs is fixed and it says it is equitable that all consumers receiving a supply should bear a reasonable proportion of these costs.

We can save water, yes, but it will cost more! The only incentive to save water is, therefore, the moral one of the needs of the community—it is not possible to cut the cost by recycling.

Ray Beal

Burgess Products Company, Hinckley, Leicestershire.

The state of Chile

From Dr. E. Keller

Sir—There is mainly one thing wrong with Mr. O'Shaughnessy's report on Chile (July 13); its headline: it should read "The social cost of the Chilean Marxist Experiment." It is the previous administration is squarely responsible for Chile's present predicament and hardship, the sharp recession, the decline in real income, and the temporary high unemployment.

Mr. O'Shaughnessy correctly states that "the Allende administration saw inflation creeping up towards 300 per cent. a year." He fails to say that in September, 1973, the monthly rate had already far exceeded that annual level and that it had gained such momentum that it reached more than double that rate before the corrective measures introduced by the successor Government could take hold.

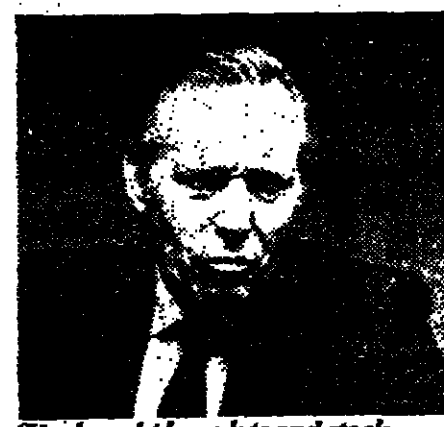
Anyone who has some knowledge of the fundamental principles of economics is well aware of how easy it is for a Government to induce a run-away inflation and how terribly hard it is to contain and eradicate it. It is also known that the cure for a galloping inflation is a reduction in spending and in printing and circulation of money. The result is invariably a temporary recession and, inevitably, a rise in unemployment. One does not have to go all the way to Chile to witness this. This cure, however, is all the more painful in developing countries where, even with out recession, unemployment and

To-day's Events

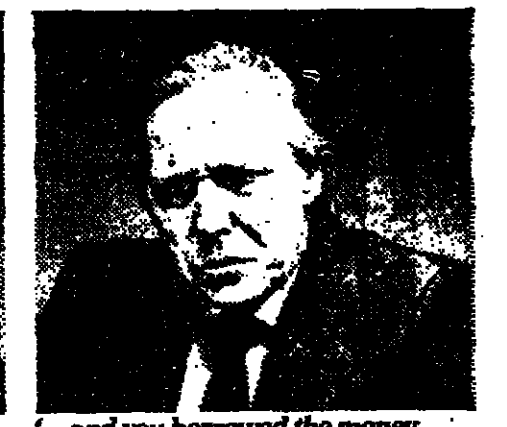
- GENERAL: Central Government financial transactions (July), including borrowing requirement, published by Treasury.
- SUMMER FLOWER SHOW: Royal Horticultural Society Hall, Vincent Square, SW1.
- COMPANY RESULTS: Securicor Group (half-year); Security Services (half-year); Smith and Nephew Associated Companies (half-year).
- COMPANY MEETINGS: Chamberlain Phillips, Higham Ferrers, Northants, 2.30; Leoboff (S.), Fobell, Hendon Hall Hotel, 11.30; Morgan-Grampian, 30, Colden Road Street, SE, 12; Rael Electronics, Charing Cross Hotel, WC, 11.45; Standard Chartered Bank, Connaught Rooms, WC, 12; Wilkinson Match, The Dorchester, W, 11.30.
- OPERA: English National Opera production of *The Mastersingers of Nuremberg* by Wagner, Coliseum Theatre, WC2, 8.20 p.m.
- BALLET: Dance Theatre of Harlem performs *Allegro Brillante*, The Coliseum Theatre, WC2, 8.20 p.m.
- MUSIC: Academy of St Martin-in-the-Fields, conductor, Neville Marriner, with long Brown (violin), play music by Kodaly, Copland and Viragdi, Queen Elizabeth Hall, SE1, 7.45 p.m.; Henry Wood Promenade Concerts, Glyndebourne Festival.
- SPORT: Golf Club professional championships, Moorstown, Leish; Amateur Championships, Royal Portrush, Tennis: Under-21 championships, Manchester; Yachting: European 420 championships, Dun Laoghaire, Bowin; Football: men's, championship, Warrington; women's, Leamington.
- Opera and London Philharmonic Orchestra, conductor, Bernard Haitink, in concert performance of *Pelleas et Melisande*, Royal Albert Hall, SW7, 7 p.m.



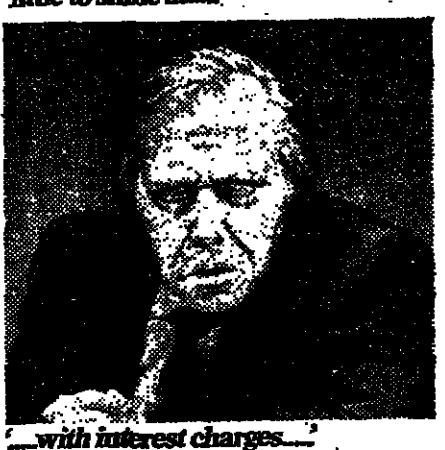
The way you buy steel leaves little to smile at...



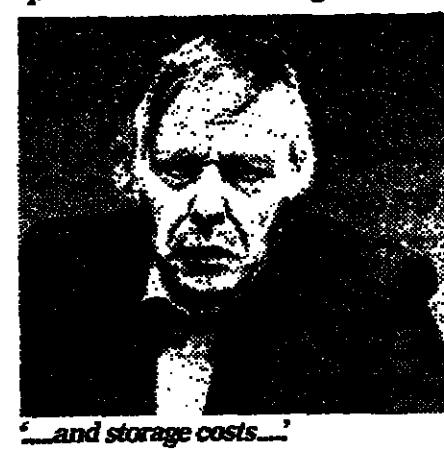
You bought huge lots and stock piled them six months ago...



And you borrowed the money to buy. Now you're lumbered...



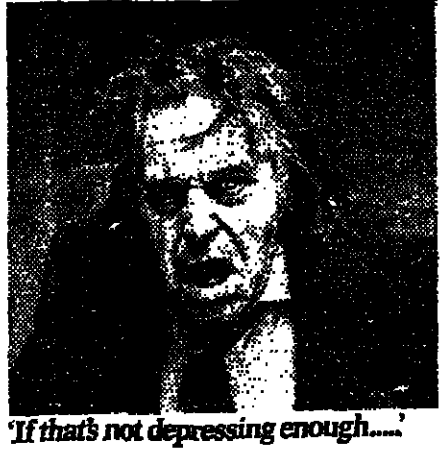
With interest charges...



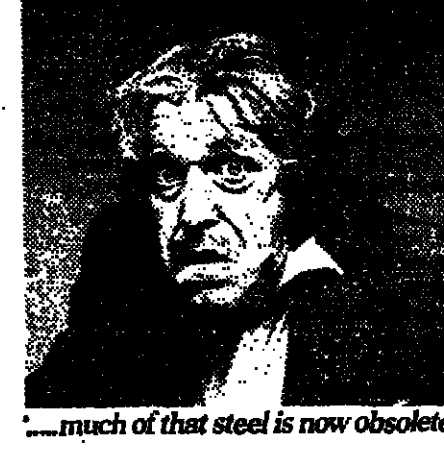
And storage costs...



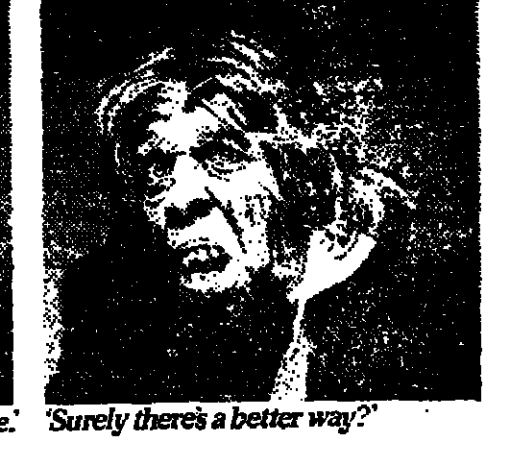
And processing costs...



If that's not depressing enough...



...much of that steel is now obsolete...



Surely there's a better way?

Facing facts about steel buying could give British industry something to smile about. At first sight, buying steel direct and stock-piling it seems to make sense. But not to a hard-nosed cost accountant. The true cost of steel is what you pay for it, plus the cost of the money to buy it, plus the cost to store it, process it and the cost of scrap. If industry bought steel as and when it needed it, tailor-made and delivered fast from the nearest Steelstock centre, it could save 20% or even more. There's a paper that proves it. It's free. Phone 021-556 1254.

GKN STEELSTOCK
pays for your steel until you need it

COMPANY NEWS + COMMENT

Manchester Ship Canal midway upsurge

FIRST-HALF 1976 pre-tax profit of the Manchester Ship Canal Company improved substantially to £2,300,929, compared with £1,484,943 in the first half last year and is in excess of the £1,800,000 for the year 1975.

Competition continued to be intense, but the company is encouraged by the achievement, says the chairman, Mr. D. K. Redford. "We shall make the most of opportunities if, as we hope, we begin to see some real signs of better world trading conditions," he adds.

Earnings per £1 share for the six months increased from 9.4p to 30.7p, and the interim dividend is lifted from 8p to 6.5p net. Last year's total was 12.688p.

Operating revenue expanded from £7,686m to £10,372m in the first half. Profit increased £438,436 surplus on land sales over valuation.

The slightly stronger trading position in the final quarter of 1975 improved in the first half of 1976.

	Half year 1976	Half year 1975
Operating revenue	10,372.0	7,686.0
Operating profit	2,300.9	1,484.9
Loan & interest income	400.0	300.0
Surplus land sales	438.4	343.6
Profit after interest	2,122.5	1,128.5
Profit	2,122.5	1,128.5
Interest charges, etc.	(420.0)	(300.0)
Pre-tax profit	1,702.5	828.5
Taxation	(1,100.0)	(500.0)
Net profit	602.5	328.5
Retained	301.2	164.2

comment

The pre-tax profit of Manchester Ship Canal includes £0.4m. for profit on land sales. But even if that is stripped out, profits are more than double those of last year. The reasons are that volume has recovered by 3 per cent, there have been two price rises and the labour disputes of 1975 have not recurred. One result of better profits is that the high level of capital expenditure is continuing to increase the services the company provides, well supported by cash flow which has been strong enough both to pay for the expenditure and to improve liquidity. The company's profits this year depend largely on the level of world trade and the prospects look good, in spite of the political climate. Manchester is one of the few major independent ports left and, nationalisation has long been expected, but the port goes on regardless of the threat. Indeed the Minister of Transport indicated last week that nationalisation of the remaining ports may not come for some time. Meanwhile the maximum prospective yield on the shares at 17.7p, up 15p yesterday, is 12.7 per cent, which should be covered more than twice this year.

New offshoot for Oil Exploration

Oil Exploration (Holdings) has formed a new subsidiary, Oil Exploration (Scotland), which will participate in the search for oil and gas on the U.K. continental shelf and elsewhere.

Authorized capital of the company is £0.5m.

	1976	1975
31st March	38,170	34,309
Sales (£'000's)	1,407	1,199
Pre-tax profits (£'000's)	6.10p	5.88p
Net earnings per share	22.17%	21.50%

I am hopeful that our results for the year ending 1977 should prove that Rexmore has now consolidated its position in terms of future growth and financial stability. The first quarter's returns from the group indicate that turnover and profits are ahead of the figure for the same period of last year.

A. ROSENBLATT, CHAIRMAN

Designers, Manufacturers and Distributors of products for Furniture Manufacturers, Furnishing Stores and Do-it-yourself shops.

Braham Millar

The 67th Annual General Meeting of the Company will be held at the Savoy Hotel, Strand, London on Wednesday 8th September 1976, at noon. The following is a summary of the Chairman's Review:

TRADING results are even better than the forecast of £650,000 made at the time of the rights issue in February. Profit was increased by 53% over the previous year. Turnover reflected a further penetration of overseas markets with exports rising from 40% to 56% of the total.

PROSPECTS: The enquiry level is encouraging still strongly directed to exports. Profit margins, however, are tending to narrow as the result of intensifying competition. Home demand remains much below normal but enquiry levels are now showing more promise than for some time.

	1976	1975
Turnover	5,578	4,978
Profit before taxation	789	516
Profit after taxation	368	251
Earnings per 10p share	6.5p	4.5p
Dividends per 10p share	2.08p	1.52p

A vote for five scrip issue is proposed thus attaining Trustee status.

Copies of the full Report and Accounts are obtainable from the Secretary, Staysfield Works, Clay Hill, Enfield, Middx., EN2 8JQ.

Braham Millar Group Limited
Capital goods for industry

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Amalgamated Inds.	14	4	London Indemnity	14	5
Braham Millar	15	4	Manchester Ship	14	1
Caledonian Trust	16	2	Phoenix Timber	14	4
Commercial Union	15	1	Premier Oil	14	7
E.C. (Holdings)	14	6	Property Investment	15	3
Farral Bridge	15	2	St. Kitts (London)	16	2
Glasgow Stockholders	14	4	Scottish Western	14	2
Graham Wood Steel	15	1	United Gas	14	3
Grendon Trust	14	2	Winchester London	14	3
Johnson-Richards Tiles	16	1	Yeoman Investment	15	4

Scottish Western progress

PRE-TAX REVENUE for the first-half of 1976 of the Scottish Western Investment Company increased from £762,682 to £836,508. The figure for the year 1975 was £1,504,913.

An unchanged interim dividend of 0.3p per 25p share has already been declared. Last year's total was 1.5p, and at least maintenance of that rate has been forecast.

Net assets per share increased from 90.2p to 101.2p. Estimated earnings per share for the year 1976 are 1.00 (1.02p) despite the conversion of 25.1 per cent. of the outstanding "B" Ordinary shares, representing an increase of 10.3 per cent. in the Ordinary shares in issue, it is stated.

	1976	1975
Revenue before tax	836,508	762,682
Taxation	(39,847)	(21,730)
Net revenue	796,661	740,952
Preference dividend	(25,125)	(25,125)
Ordinary income	771,536	715,827
Net assets at end June, were	£101.2	£90.2
including full dollar premium	45.75 (82) per cent, amounting to	£8.71m. (£8.86m.)

Grendon to vote on August 31

Holders of the £6.9m-worth of Grendon Trust 11 per cent. Unsecured Loan Stock, 1978-81, will be asked to vote at a meeting on August 31 for an extraordinary resolution to cancel the stock.

After considerable opposition from major institutional holders, the terms of the Scheme were improved last month. The offer is now £40 in cash plus £20 of new 11 per cent. Subordinated Loan Stock, 1978-81, for every £100 nominal of the stock, against £40 cash only originally. Stockholders representing 33.9 per cent. of the votes have indicated that they intend to vote in favour of the resolution, although it will require a majority of not less than 75 per cent. of the votes cast to pass the resolution.

Bankers Keyser Ullmann has agreed to make a facility available to implement the scheme.

Outlook at United Gas

CHAIRMAN, Mr. H. T. Nicholson is not disappointed with the results of United Gas Industries so far in the current year.

As known, taxable profit for the year to March 31, 1976 was £1,160m. (£0.82m.) on turnover of £33,831m. (£27.14m.). Although results show "a considerable improvement" they are not as good as the return on the capital employed, the chairman states. Satisfactory features are, a substantial increase in turnover and the large contribution to profit made by overseas subsidiaries. Unsatisfactory features derive from the high cost of all types of energy, and the mild winter, both of which meant that the group's heating appliance companies suffered from lack of demand.

The chairman points out that electricity as a method of heating is not popular at the moment because of its high cost, and Berry Magicoal has inevitably suffered because of this, but the loss on trading, while still significant, was very much less than in the previous year. The future of this company can never be satisfactory until electricity comes back into its own as a competitively priced energy source, he says.

One of the departments of Berry Magicoal was a cabinet factory at Bradford which manufactured wooden cabinets for electric and gas fires. It has very little other business and therefore suffered indirectly from the problems in the appliance business. It has therefore been sold.

Leonard Atkinson, who retired at the AGM has decided not to seek re-election.

A statement of source and application of funds shows a net increase in cash plus £20 of new £11.13.000.

At July 27 Hanson Trust held 26.34 per cent. of the issued capital. Meeting, Connaught Rooms, W.C., on September 9 at noon.

Winchester London Trust

Winchester London Trust incurred a loss of £38,716, against £64,375, in 1975 subject to exceptional debits of £25,437 (£125,861). Turnover was down from £379,722 to £38,700.

The directors hope to take advantage of a slight improvement in the property market by selling some properties in the coming months and, significantly, reduce the level of borrowings. At end 1975 group properties appeared at £538,589 (£579,951) and there was a secured loan of £552,492 (£248,371).

Certain quoted investments were sold in March, 1976, and there is no intention at present to reinvest in stocks and shares. The directors feel that the best course of action is to continue to reduce the level of borrowings and then gradually increase the amount of involvement in the group's principal business of property dealing and development.

In this way, the company has the opportunity to trade profit-

ably once again and it is hoped that moves may then be made to apply for the suspension of the stock exchange quotation to be lifted, says the chairman, Mr. S. G. Jofcoate.

There are estimated losses available for tax relief against future profits of £60,000 and of the subsidiaries of £210,000, a total of £270,000.

Meeting, Wilbraham Hotel, Wilbraham Place, S.W., September 2, at 2.30 p.m.

Phoenix Timber recovery

ON VIRTUALLY unchanged sales of £30.88m., pre-tax profit of Phoenix Timber Co. advanced from £261,000 to £44,000 in the year to March 31, 1976.

When reporting first half profit down from £381,000 to £23,000, the directors forecast some improvement in profit margins during the second half.

Earnings per 25p share for the year increased from 3.1p to 6.2p, and the dividend is stepped up to 3.47p net, against a forecast of maintenance of 3.2p, with a final of 1.97p.

The chairman, Mr. A. B. Gourvitch, says that first three months' trading of the current year have produced exceptionally good results on the basis of which it is expected that group pre-tax profit for first half will exceed that earned for whole of last year.

However, there are so many uncertainties which could affect the second half year, including the proposed cuts in local authorities' expenditure, that it would be premature to forecast trading outcome for full year, he adds.

comment

A 38 per cent. cut in second-half interest charges has put Phoenix Timber's profits back on the upswing path after 18 months of decline. This has pushed full-year profits up by 68 per cent. pre-tax, despite a 64 per cent. drop at the trading level and a marginal fall in annual sales. The group, concentrated on trimming stocks throughout the year, reducing the year-end figure by roughly £1m. to about £7.2m. This effectively wiped around £800,000 from overall borrowings, dropping them to £3.4m. where they represent 88 per cent. of shareholdings' funds. The scene now is one of re-stocking by the building industry, together with some element of stock profits as softwood prices harden, are pushing profits along at a fairly fast rate in the current year so far. Although sales are likely to slacken in the second six months, the chances of further significant recovery look good. The shares, which rose 4p yesterday to 89p, yield 8 per cent., covered 1.8 times.

A-Industries on Morris holding

Mr. Pat Hegard, deputy chairman and managing director of Amalgamated Industries, said after the annual meeting, yesterday that the group would challenge the holding in the near future under the Fair Trading Act which sought to force the company to dispose of its 38 per cent. holding in Loughborough crane manufacturers, Herbert Morris.

The Monopolies Commission, which decided that the A.I. bid for Morris was "against the public interest," has recommended that the holding be reduced to under 10 per cent. Having taken the advice of leading Counsel, the A.I. view is that the Secretary of State for Prices and Consumer Protection should force A.I. to sell only 150,000 shares in Morris, the block that sparked off the bid under the City Code when it was purchased. The bulk of the holding has been held for over four years.

Mr. Hegard and Mr. A. T. "Teddy" Smith (chairman of A.I.) were voted off the Executive Board last week at that company's annual meeting. The day before, A.I. had issued a statement which gave an undertaking to sell the holding provided that Board representation in Morris could be retained until the disposal was completed. The issue now rests with the Office of Fair Trading, which advises the Secretary of State. A.I. is now expected to meet the OFT tomorrow.

Mr. Hegard said that despite having lost representation on the Morris Board, A.I. could still consolidate the holding in its own accounts. He also said that A.I. retained the right to sell the holding to a single buyer and confirmed that some soundings had been made by third parties. A single buyer would immediately trigger off a full bid and that, depending on the identity of the buyer, could lead to a fresh reference to the Monopolies Commission.

Glasgow Stockholders

Glasgow Stockholders Trust reports first half 1976 gross revenue up from £274,787 to £291,924, and a pre-tax revenue of £188,551 (£173,453). Gross revenue for the year 1975 was £572,122.

	1976	1975
Gross revenue	291,924	274,787
Expenditure and interest	(103,373)	(96,334)
Pre-tax revenue	188,551	178,453
Taxation	(7,351)	(6,100)
Net assets per share	£117.14	£117.14

An interim dividend of 0.7p net per 25p share has been declared (0.66p equivalent). Last year's total was equal to 1.5p.



Mr. Alexander Gourvitch, chairman of Phoenix Timber.

	Current payment	Date	Corre. of 0.8p	Total for year	Total for year
Caledonian Trust	0.5	Nov. 17	0.3	1.4	1.3
Caledonian Trust Int.	0.5	Nov. 17	0.3	1.4	1.3
Commercial Union Int.	2.33	Nov. 17	2.33	10	10
E.C. (Holdings)	1.0	Oct. 11	6.0	12.87	12.87
Phoenix Timber	1.97	1.0	3.47	3.2	3.2

Dividends shown pence per share net except where otherwise stated.

Rescue terms for London Indemnity

BY ERIC SHORT

POLICYHOLDERS AND bondholders in London Indemnity and General Insurance, the life company subsidiary of Jessel Securities, are being offered 90 per cent. of their contractual benefits under the Scheme of Arrangements. If LIG is wound-up it would be under the provisions of the 44 insurance companies. Un-secured creditors are being offered 70p in the £ and share-holders £10 for their shareholding irrespective of size.

Policyholders have been divided into eight separate classes for the purpose of explaining the rescue terms, of which income and growth bondholders and annuitants are the two largest accounting for £89.2m. and £14.6m. of the overall £104.8m. liabilities of LIG. Annuity and income bondholders are having their annuity payments cut by 10 per cent. and maturity and death benefits reduced to 90 per cent. of the values stated in the policy.

All guaranteed surrender values are being abolished and cash-in-values will in future be calculated on an actuarial value allowing for current market rates of interest. The rescue scheme requires the approval of each class of policyholders or creditor, but not shareholders. Rejection of the scheme will almost inevitably result in liquidation. A report by Bacon and Woodcock, liquidators, estimates total liquidation dividends of 7p in the £ but payment would be spread over a period. Mr. Ian Watt, the Special Manager, considers that a current value of 70p in the £ represents a reasonable winding-up value.

In order to ensure that no policyholder will lose out by accepting the scheme compared with liquidation, the scheme compares losses and investments. Deficit:

	1975	1974
Pre-tax profit	27	289
Interest	40	40
Dividend	40	40
Loan under guarantee	36	36
Reserve	36	36
Net profit	62	171
Retained	62	171
Includes: £88,000 (£82,000) profit on sale of properties. Against unrealised losses and investments. 7 Deficit.		

RECENT ISSUES

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

	1976	1975
Issue Price	100	100
Amount	100	100
Latest	100	100
High	100	100
Low	100	100
Stock	100	100
Dividend	100	100
Yield	100	100
Value	100	100
Ratio	100	100

Remuneration date usually last day but preceding free of stamp duty. a Placing price to public. b Placed based on prospectus estimate. c Dividend rate paid or payable on part capital, cover based on dividend on full capital. d Placed unless otherwise indicated. e Forecast dividend: cover based on previous year's earnings. f Figures based on prospectus of other official estimate for 1976. g Figures assumed. h Lower allows for conversion of shares not now raising for dividends or ranking only for restricted dividends. i Issued by tender. j Offered in holders of Ordinary shares as a bonus. k 25p S.A.T. costs. l Rights by way of capitalization. m Tender allotment price. n Return on capital. o Issued in connection with reorganization, merger or take-over. p Introduction. q Issued in connection with reorganization, merger or take-over. r Provisional. s Provisional. t Provisional. u Provisional. v Provisional. w Provisional. x Provisional. y Provisional. z Provisional.

Premier Oil far from despondent

IN HIS annual statement, the chairman of Premier Oil stated that the balance-sheet is strong and there is money available both in the U.K. and in the U.S. He is "far from despondent" about the future, he tells members.

As reported on June 30, pre-tax profits fell from £273,098 to £188,396 in the year to March 31, 1976, on turnover of £1.33m. (£1.23m.).

There is a provision in the U.S. regulations allowing oil from "stripper" wells to be sold at the Upper Tier price and a provision of Midway Sunset oil has been receiving the higher price. The definition, however, changed last year to "gross production" per well.

As the wells on one of the leases average 13 barrels per day per well, of which five are burnt to produce steam, there is considerable doubt about the proper classification of this particular oil. Tenneco, with the groups agreement, is holding back the difference between prices—some \$2.00 per barrel. Tenneco is holding nearly \$900,000 and the amount rises every month. Interest is being earned but Premier has not brought the principal of the interest into the accounts in view of the uncertainty.

The group is now getting some \$250m a barrel for production in Trinidad from Texaco, to whom all production is sold giving a substantial pre-tax profit. For ever the group is assessed for tax as if it received \$18 so that although the group has made £301,000 in Trinidad, the tax bill is £344,000.

The Government of Trinidad is looking at the matter and it seems that it will see the justice of the claim that Premier should be taxed on actual costs. The directors hope mitigation of the tax will be introduced shortly and be back-dated to the beginning of 1975.

Assurance

equipment. I take great satisfaction from the record of our respect as year by year a major share of the profits are being ploughed back into the development of the business. I can claim that any justifiable proposal for new equipment will be rejected no matter how bleak the short term trading picture.

	1974	1975
	£	£
gross income	405,984	389,618
management expenses	29,472	23,896
depreciation	50,874	52,328
interest	103,990	71,800
net asset value per 25p share	161p	161p

increasing sophistication required in modern finished structural steelwork.

As reported on June 23, turnover for the year to March 31, 1976, was \$3.58m. (\$6.32m.) and profits before tax fell from \$44,880, to \$223,072, after \$102,000 (\$242,000) for the first half. The dividend is the maximum permitted 1.75p net.

Meeting Great Eastern Hotel, C. on September 9 at noon.

production in the construction engineering division was exported directly or indirectly to Africa and the Middle East, with the remaining home market production being for both the public and private sectors.

In view of the announced public expenditure cuts, a continuing high level of export production has been planned. Together with an increased private sector order book, this should ensure full and

equipment. I take great satisfaction from the record of our firm in this respect as year by year a major share of the profits after taxes has been ploughed back into the development of the business. I can claim that any justifiable proposal for new equipment can be rejected no matter how bleak the short term trading picture at the time.

1

Income		
Operating income	24,571	23,094
Operating expenses	46,874	52,229
Operating loss	103,000	101,000
Net asset value per share	23p	151p

MIXCONCRETE

Mixconcrete Pipes proposes to cancel the outstanding £22,980 of 10% Debenture 5 per cent. Stock, £80 per cent., together with accrued interest to repayment date.

Mixconcrete Pipes proposes to cancel the outstanding £22,880 of Debenture 5 per cent. Stock at £60 per cent., together with accrued interest to repayment date.



Sir Jules Thorn, in his Annual Statement to Shareholders, comments:

I am delighted to be able to report record profits despite the poor state of the world economy and difficult trading conditions in the U.K., particularly in consumer durable goods following the introduction of the disastrous 25% rate of VAT. Net profits before tax have shown a very creditable improvement to £74.4m compared with the £65.4m achieved the previous year.

Rewards for the job

I must comment on the problems caused by continued pay restraint policies. Whilst I accept the need for a rough and ready approach to this complex subject as a short term measure in times of economic difficulty, such as the present, pay restraint must not be allowed to erode the differentials required to reward special skills, merit, innovation and sheer hard work. This applies all the way from the shop floor to senior management. Management plays a vital role

Sir Jules' confidence in the Company's future

The determination of the management to maintain the high standards of performance we have consistently achieved for many years provides the best basis for my confidence in the future success of the Company.

I conclude by expressing my most sincere good wishes for the future to the Company, its new Chairman, all employees and shareholders. I will always be deeply grateful for the confidence and

001 requested no matter how often the information is requested.
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need to seek long term funding or money from our shareholders.

Thorn Electrical Industries is a world wide company with four distinct areas of activity, T.V. and audio, lighting, domestic appliances and engineering. It uses many distinguished trade marks including Kenwood, Atlas, Mazda, Bendix, HMV, Ferguson, Ultra, Marconiphone, Baird, Tricity, Parkinson Cowan, Benham's, Avo, Goodmans.

Main, Moffat, Clarkson, DER. The company operates 80 major factories and employs nearly 80,000 people around the globe, all contributing in the past year to a record turnover of £956 million.

THORN ELECTRICAL INDUSTRIES LIMITED, THORN HOUSE, UPPER SAINT MARTIN'S LANE, LONDON WICH 8ED

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MINING AND RAW MATERIALS

NFU protest at research station's cut

THE GOVERNMENT'S decision to cut the NFU's research station's budget has been greeted with "astonishment and anger" by the National Farmers' Union yesterday.

Closure of the Cleppa Park station, owned and operated by the NFU, would mean the loss of the only research station in East Anglia, where the NFU has been conducting research since 1947. The station's contribution to the public good, said the NFU, could only be by the loss of the station's research facilities.

Mr. Burton, vice-chairman of the NFU Central Executive Committee, said it could only be a "false economy" as the station would be replaced by the Government's own research station, which would be "a waste of money".

Metal markets rally after new downturn

BY JOHN EDWARDS, COMMODITIES EDITOR

BASE METAL prices continued their downward trend in early dealings on the London Metal Exchange yesterday, but rallied in afternoon trading. As a result, copper cash wirebar closed only £13.5 down at £334.7 a tonne after having fallen to £336.7. Tin suffered further losses, following a sharp dip in the afternoon market where the cash price closed £78.5 down at £4,849.7 a tonne after having fallen by £157 last week.

Decision on whale catch deferred again

TOKYO, August 9. JAPAN, Brazil, South Africa and the USSR have deferred until tomorrow a decision on their whaling quotas for next season, according to Fishery Agency officials.

Talks opened here on August 8 on sharing the world catch allowance of 8,500 minke, and 1,983 humpback whales authorised for next season by the International Whaling Commission.

A reference source said a "steady" request for a sharp increase in its minke quota to 14,000 against a proposed 8,500 prompted a Japanese compromise proposal to raise Brazil's quota to 1,500, but no agreement was reached to-day.

However lead and zinc prices edged the day higher despite falling in the morning before rallying sharply encouraged by the turnaround in copper.

The market largely ignored another rise in copper stocks held in LME warehouses, up by 1,000 tonnes to a record total of 550,000 tonnes since it was in line with expectations. However there was a heavy stop-loss selling in the afternoon, which was followed by a continued build up of stocks both in Europe and New York.

Although special features, such as the disposal of Zambian supplies diverted earlier to the U.S. market, have helped the stocks increase, evidently consumers do not see the need during the traditionally quiet summer months for rebuilding stocks.

In these circumstances it seems unlikely that U.S. copper producers will attempt to raise prices again until there are further signs of a real recovery in demand. At 74 cents a pound, it is claimed that most U.S. producers are making profits, except for the high cost mines, although a much higher price will be needed to justify investment in new capacity.

Big fall in Nigerian groundnuts

LAGOS, August 9. GROUNDNUT prices in Nigeria during 1975-76 buying season totalled 42,000 tonnes compared with 161,000 tonnes in 1974-75, according to official figures just published here.

The sharp decline was attributed to a large proportion of crops which were destroyed by pests in the north.

Meanwhile the federal government has bought groundnut seedlings, worth about N100 million (N100m), for distribution to farmers in groundnut-growing centres. Pest control activities have meanwhile been intensified.

Russia may buy EEC skim milk

BY OUR COMMODITIES STAFF

EEC COMMISSION officials were treating with candour yesterday reports that the Soviet Union has bought 15,000 tonnes of skimmed milk powder from the Community's 1.3m. tonne stockpile.

The reports which emanated from Paris market sources before the week-end, said the powder was to be sold to the USSR within 20 months of date.

Providing it is only used for animal fodder the powder can be exported at the EEC intervention price less eight units of account, the sources told Reuters.

Under EEC rules, the powder must be sold to the USSR at a price no higher than the intervention price less eight units of account, the sources told Reuters.

Cocoa price rise continues

By Our Commodities Staff

COCA VALUERS on the London terminal market made further ground yesterday with the December position closing 234 higher at £1,225.5 a tonne. Friday's rise in New York meant that the London market was due to open £15.20 higher. But within the first minute of trading the £30 permissible limit was reached and prices went higher again when dealing was re-started after the statutory midday break. The December position reached a peak of £1,233 a tonne at one time.

U.S. GRAIN Ample maize supply in prospect

BY JOHN EDWARDS, RECENTLY IN CHICAGO

FURTHER EVIDENCE that the U.S. is likely to have a bumper maize (corn) crop this year was provided yesterday by private forecaster Conrad Leslie of Chicago. Based on conditions as of August 1, Leslie predicts U.S. maize production will reach a record high of 6,570m. bushels compared with last season's peak of 5,760m. bushels. The estimate is based on average yield of 87.9 bushels per acre. Last year's yield was 86.6 bushels. The official U.S. Department of Agriculture's July 1 estimate of a 6,550m. bushel crop was based on a yield of 90.5 bushels—a high figure, but still well below the record yield of 97.1 bushels achieved in 1972.

European crops

FIRST FORECAST by the French National Cereals Office (Onic) in Paris puts France's soft wheat harvest at around last year's 14.2m. tonnes level despite a rise from 3,650m. to 4,150m. hectares in the area sown. On a same area sown as last year the barley crop is forecast at 7.7m. tonnes compared with 7.3m.

European crops

The surplus of maize may well help cut demand for soyabean meal. At the same time, the low price of soyabean oil, with record stocks held and strong competition from palm oil imports, may well discourage soyabean processing. Exports have also not lived up to expectations so far, despite some Soviet Union purchases.

Dealers saw the rise mainly as reflecting charter considerations though the announcement of a 7.13 per cent rise in Belgium's second quarter grindings may have had a marginal upward influence. Continued lack of producer selling was an important factor in the advance, especially as Ghana was reported to have been planning sales late on Friday.

In Accra meanwhile the Ghana Cocoa Marketing Board said purchases of mid-crop cocoa last week (the ninth of the season) are estimated at 470 tons bringing the cumulative total of 6,238 tons against 4,372 after nine weeks last year.

In London yesterday the 3m. year average for wheat was reported to be continuing at high speed but low yields of spring wheat are being gathered. Wheat yields continue to disappoint. Practically the entire country is suffering from drought, it added.

Levels encouraged farmers to plant maize early in the best of weather, which would yield crops of maize which a much larger return.

Leslie estimates this year's soyabean crop at 1,350m. bushels against 1,320m. bushels last year as a result of the increased

Marked recovery in commodity price

BY OUR OWN CORRESPONDENT

GENEVA, August 9.

COMMODITY PRICES staged a marked recovery in the first half of this year with cocoa and coffee above previous record levels reached in 1974. The UN conference on trade and development (Unctad) reported to-day.

India expects bigger tea crop this year

MADRAS, August 9.

INDIA'S TEA production in 1976 is likely to total 500m. kilos against 487m. last year, depending on good rainfall throughout this month and September, Mr. T. S. Broca, Tea Board chairman, said.

Marked recovery in commodity price

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	334.7	334.7	334.7	334.7
Cash	334.7	334.7	334.7	334.7

LEAD

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	25.5	25.5	25.5
Cash	25.5	25.5	25.5

ZINC

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	11.5	11.5	11.5
Cash	11.5	11.5	11.5

COCOA

Cocoa

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1225.5	1225.5	1225.5
Cash	1225.5	1225.5	1225.5

SUGAR

Sugar

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	12.5	12.5	12.5
Cash	12.5	12.5	12.5

MEAT/VEGETABLES

Meat/Vegetables

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

U.S. Markets

U.S. Markets

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

Computers and Privacy

The Government has appointed the Data Protection Committee to advise it on the use of computers to get information and to ensure that they are operated with proper regard for privacy and with the necessary safeguards for the personal information which they contain.

The Committee is to be headed by Sir John Gorton, a former civil servant, and will have a permanent secretary and a deputy secretary. It will also have a number of members representing different interests.

The Committee will be asked to advise the Government on the use of computers to get information and to ensure that they are operated with proper regard for privacy and with the necessary safeguards for the personal information which they contain.

COFFEE

Coffee

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

WOOL FUTURES

Wool Futures

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

GRAINS

Grains

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

JUTE

Jute

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE

Between the Plaintiff and the Defendant

For a declaration that the Defendant is entitled to the property of the Plaintiff.

The Plaintiff claims that the Defendant is entitled to the property of the Plaintiff.

The Defendant claims that the Plaintiff is entitled to the property of the Defendant.

The Court has decided in favour of the Plaintiff.

SOYABEAN MEAL

Soyabean Meal

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

GRAINS

Grains

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

JUTE

Jute

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

FINANCIAL TIMES

Financial Times

OFFICIAL	100 LBS	100 LBS	100 LBS
Wirebar	1.5	1.5	1.5
Cash	1.5	1.5	1.5

PERSONAL

Help to keep advertising honest. Write to your local newspaper about the quality of the advertising in your area.

The Advertising Standards Committee (ASC) is a body which monitors the quality of advertising in the UK.

The ASC is made up of representatives from the advertising industry and the public.

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New Account in equities commences on a dull note Index down 3.4 at 369.9—Commercial Union disappoint

8.52	8.57	8.57	8.46
4,405	4,407	4,590	4,103
43.55	45.50	42.07	39.56
13.170	11.937	11.748	10.503
<p>Nov 1937. 1 p.m. 399.5</p> <p>3 p.m. 398.5</p> <p>2.24 1938.</p> <p>operation 12. 7b 92-5-2.</p> <p>of Int. 1938. 2nd. Ord. 173. 1</p> <p>1937.</p>			
<p>S.E. ACTIVITY</p>			
<p>4.010</p>	<p>Aug. 1</p>	<p>A</p>	

S.E. ACTIVITY		
Quantities		
Low	Aug. 9	A
	Daily	
49.18	Gilt-Edged	187.7
131(70)	Industrial	125
	Speculative	43.1
50.53		
131(70)	Totals	100.6
49.4	Long	
226(80)	Gilt-Midgrade	180.7
	Industrial	140.3
49.5	Speculative	40.5
226(77)	Totals	102.5

statement. Tens were in only for a rise of 3 to 5

Quinet Mines

Mining share markets the week on a very quiet with a resolute civil distast continuing to deter many South African issues.

Gold shares did little more mark time in idle trading, losing ground for the next trading days, selective buying led to a recovery on balance with the Gold Index 6.2 better at 97.4, bullion price was finally set up at \$12.875 per ounce.

Among the heavyweight Randmines, the help came on consideration of the aid of the company's uranium mission programme, while Van and St. Helena were up

FIXED INTEREST		Monday, August 9		Friday August 6	Thurs. August 5	Wed. August 4	Tuesday August 3	Monday August 2	Friday July 30	Thurs. July 28	Year ago (approx.)	Since Completion				
		Index No.	Yield %									1976	High	Low	High	Low
1	Consols 2½% yield	14.08	14.06	14.06	14.05	14.14	14.14	14.12	14.12	14.28	—	—	—	—	—
2	20-yr. Govt. Stocks (8)...	48.82	118.87	48.65	48.71	48.60	48.18	48.19	48.53	48.50	49.37	58.48	47.56	118.42	58.27	58.27
3	20-yr. Red. Deb. & Loans (15)	50.22	114.72	50.33	50.28	50.53	50.53	50.53	50.63	50.51	47.73	58.48	47.56	118.42	58.27	58.27
4	Investment Trust Pref.s. (15)	48.84	14.17	48.83	48.83	48.83	48.86	48.86	48.86	48.86	48.98	51.25	45.43	114.41	54.45	54.45
5	Coml. and Indl. Pref.s. (20)	...	58.84	13.77	58.83	58.85	58.84	58.86	58.84	58.88	66.58	71.87	66.58	114.45	68.87	68.87
												(2/8)	(2/1)	(7/10)S	(5/17)S	

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value	A list of the constituents of the FT-Industries
Overhead Traders	3/12/74	100.00	Food Retailers	2/12/67	114.13	Share indices is now available for the
Engineering (Heavy)	3/12/71	153.24	Insurance Brokers	2/12/67	94.47	Financial Times, Stockton House, Cannon Street,
Engineering (General)	3/12/71	153.84	Mining Finance	2/12/67	100.08	London, EC4P 4BY, price 10p. By post 25p.
Wholesale and Retail	1/1/70	157.70	All Other	10/1/62	100.00	A record of the constituents of the
Toys and Games	1/1/70	153.72				from FT Companies Enterprises Ltd, Bolt Court, London,
Electrical Equipment	1/1/70	152.74				ECL. It gives all group and sub-section indices at
Chemical and Allied	3/12/70	123.70				four-month intervals since the start of the series in
Manufacturing	3/12/70	123.26				March 1964.

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Manufacturing	3/12/70	123.26				March 1964.

[illegible]

Three months.....	111-10 1/2	110 1/2-11 1/4	111-11 1/4	111-10 7/8	110 1/2-11 1/8	-
Six months.....	112-11 1/2	111 1/2-11 3/4	111-11 1/2	111-10 3/4	110 3/4-11 3/8	-
Nine months.....	112-11 1/2	111 1/2-11 3/4	111 1/2	111-10 3/4	110 3/4-11 3/8	-
One year.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Two years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Three years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Four years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Five years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Six years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Seven years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Eight years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Nine years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Ten years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Eleven years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twelve years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Fourteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Fifteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Sixteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Seventeen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Eighteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Nineteen years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-one years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-two years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-three years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-four years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-five years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-six years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-seven years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-eight years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Twenty-nine years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-one years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-two years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-three years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-four years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-five years.....	112-11 1/2	111 1/2-11 3/4	11 1/2	111-10 3/4	110 3/4-11 3/8	-
Thirty-six years.....	112-11 1/2					

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NOTES

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BRITISH FUNDS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

Over Fifteen Years

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

Unlisted

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
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107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

INTERNATIONAL BANK

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

CORPORATION LOANS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

COMMONWEALTH & AFRICAN LOANS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

FOREIGN BONDS & RAILS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

AMERICANS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

BUILDING INDUSTRY, TIMBER AND ROADS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

DRAPERY AND STORES

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

ENGINEERING—Continued

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

ELECTRICAL AND RADIO

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

CHEMICALS, PLASTICS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

CINEMAS, THEATRES AND TV

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

ENGINEERING, MACHINE TOOLS

1970	High	Low	Stock	Price	Div.	Yield
100	100	100	100	100	100	100
101	101	101	101	101	101	101
102	102	102	102	102	102	102
103	103	103	103	103	103	103
104	104	104	104	104	104	104
105	105	105	105	105	105	105
106	106	106	106	106	106	106
107	107	107	107	107	107	107
108	108	108	108	108	108	108
109	109	109	109	109	109	109
110	110	110	110	110	110	110

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FINANCIAL TIMES

Tuesday August 10 1976



Middle Eastern bank may take Bates stake

BY MARGARET REID

A MIDDLE EAST bank may take a stake in Edward Bates and Sons (Holdings), the troubled merchant bank in which Arab interests already have a 25 per cent. holding and whose future is being urgently discussed by the Bank of England.

A statement on Bates' future, sent on the Board by the confirming its continuance, very possibly in revamped form, is necessary backing for its depositors from the Bank of England and others, may come in the next few days.

This will follow the recent completion of an investigation by accountants Price Waterhouse of Bates' difficulties, which are believed to stem from its loans to the troubled tanker and property industries.

The inquiry, which is believed to reveal an unhappy picture, was commissioned in May when Bates' share quotation was suspended.

A stand-by loan facility to protect depositors, who have £67m. in Bates, an authorised bank, was then made available by the Bank of England and First Arabian Corporation owned by Saudi Arabian and other Middle East investors — which owns the 25 per cent. share

of the Bank of England is a stake in Edward Bates and Sons (Holdings), the troubled merchant bank in which Arab interests already have a 25 per cent. holding and whose future is being urgently discussed by the Bank of England.

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'Buy British' call to save shipyard jobs

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE GOVERNMENT has presented the British shipping industry with a graphic picture of the steady rundown affecting the country's shipyards in a bid to encourage more owners to buy British.

More than 200 shipping companies yesterday received a table prepared by the Department of Industry showing the availability of new building berths. This indicates that virtually every major shipbuilding company soon to be nationalised is in urgent need of preparatory work to keep design, staff occupied and that some already had vacant berths.

The implication of the table is that once the holiday season is over, one or two companies may be unable to staff off-redundancies. In the longer term several more will have to start cutting staff early next year, probably by the end of the year.

Scott Lithgow, increasingly looks like one of the first candidates for cuts. The Government table shows that it has three berths immediately available and although a two-ship order recently taken from ship operation, talks are still in progress with the Government to see what safeguards can be achieved before British Shipbuilders comes into existence.

Moreover, there is a serious uncertainty over one of Scott Lithgow's orders for a drill ship, which only a complete solution to Maritime Fruit Carriers' financial crisis will ensure the building of the second of two oil tankers it has ordered with the Clydebank shipbuilder.

Robb Caledon, which employs 2,000 workers at Dundee and Leith also has a small berth available, as does Vosper Thornycroft at Southampton.

Britain's largest shipbuilder, Swan Hunter, which has suffered heavily from the cancellation of Maritime Fruit Carriers' orders, starts to run out of work at its Haverton Hill yard in October and without fresh orders will have 10 berths available by the end of next year.

The Government table has been sent out by the General Council of British Shipbuilders, which reveals in an accompanying letter that it reluctantly accepts it may be necessary for British Shipbuilders to go into the shipbuilding business to provide continuity of work for certain yards.

However, Mr. John Wood, the Council's director general, makes it clear that the shipping industry would oppose the nationalisation of shipbuilding, moving into order recently taken from ship operation, talks are still in progress with the Government to see what safeguards can be achieved before British Shipbuilders comes into existence.

THE LEX COLUMN

CU's period of convalescence

Commercial Union's objective for 1976 is to cover its dividend (costing £21.3m.) and have something left over for reserves. With attributable profits of £9.5m. under its belt after six months, this target ought to be well within reach. However the figures do not give the clear message of recovery which has been coming from the U.S. majors—some of which were back into the black on underwriting during the second quarter—and after rallying with the sector last week, the shares slipped 4p to 122p on the news.

Thus its underwriting losses for the half year total £30.8m., which compares with £15.4m. in the first quarter and a figure of £23.3m. published a year ago. But the pattern is seriously distorted by the weakness of sterling, which more than explains the deterioration compared with 1975. The U.S. operating ratio has improved from 110 per cent. in the first quarter to 108.3 in the second, and CU says that it is getting towards breakeven on its on-going business, where its loss ratio is down to about 70 per cent. of premiums compared with 100 per cent. on the large chunk of its business which is currently being cancelled.

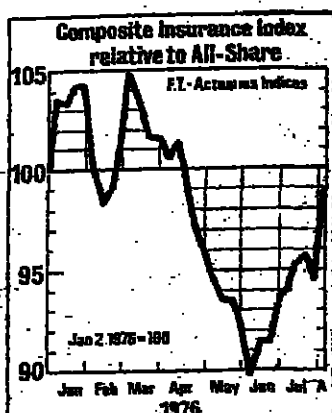
The half-time losses include £4m. or £5m. relating to business which is currently being run down, and a further £3m. has been charged to the £15m. provision which was set up against the cancellations at the end of 1975.

Adjusted for these items, the statutory underwriting loss of £41m. in the U.S. during the half-year looks rather less threatening, and although CU is still very cautious about the underlying trend, it seems confident that its North American operations are now under control.

But there is a new worry. After years of being the most profitable U.K. underwriter (only two small losses in the past decade) the group has moved into losses on its domestic account during the second quarter. It blames public and employers' liability lines and together with commercial motor business, and hopes that the problems will respond reasonably quickly to rate adjustments.

Over the rest of the year, CU's investment income should start to accelerate—as the impact on cash flow of last year's losses gradually recedes—and its overall underwriting policy, representing around 75 per cent. of the total. As known, ing targets this year, a

Index fell 3.4 to 369.9



look better. But it is probably the least likely of the companies to raise its dividend this year (prospective cover for last year's payment may be 1.5 times or less). And with a solvency margin of 25 or 29 per cent., the balance-sheet constraints are as pressing as ever. That is why the yield of 8.8 per cent. is a couple of points higher than the sector average. See also Page 15

bondholders after the gains through will retain cent. of income and maturity, but will accept "actuarially appropriate" values. By this will be a better than the uncertain 70 or so of the face value, bonds which they will back over a period, winding up.

But there may be exceptions. So bond who want to get what can out quickly are a two-month period of scheme becomes effective accept 70p in the £ (in changes in the market) if this is the actuarially determined value. At a concession could be made for older bonds if interest rates were to fall, but this is unfortunately at odds with the policy of the company, which is going to be offered a times or less. And with a solvency margin of 25 or 29 per cent., the balance-sheet constraints are as pressing as ever. That is why the yield of 8.8 per cent. is a couple of points higher than the sector average. See also Page 15

June consumer spending low again, retail figures show

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

FURTHER EVIDENCE of the flat and slightly depressed level of consumer spending is provided by the retail sales and hire-purchase figures for June, published yesterday.

This is underlined by the revision downwards of the seasonally-adjusted index of retail sales in June to 106.1 (1971=100) from the provisional estimate of 107. Although the revised figure is still higher than in May, a better guide to the underlying trend is given by taking an average of the April and May figures, 107.1, to iron out the distorting effect of the Budget.

Overall, volume of retail sales fell by half a per cent. between the first and second quarter, with the decline concentrated in clothing and footwear shops and "other non-food" outlets, including department stores and mail-order businesses.

For the first half of 1976 as a whole, the sales index was 1.1 per cent. higher than in the second half of 1975, but the recovery is still very modest, since the index was higher than now for the whole of the period from mid-1972 to mid-1975.

The official expectation that the level of consumer spending (of which retail sales are about half) will be similar between the first and second halves of the year will clearly depend on the stimulus to sales expected in the next few weeks

by more than £200m. of income tax rebates and the related implementation of the main tax changes announced in the Budget.

The Retail Consortium believes that the rebates and other factors, such as the pension increases in the late autumn, will provide only short-term boosts and that there will be no sustained recovery in retail sales in the next year.

Some commentators have said that a continued dull level of

domestic demand could put a brake on the rate of overall economic recovery, even though the main advance has, and is expected to come from exports, stockpiling and, later, investment.

The picture of a flat sales trend in the last two months is brought out by the hire-purchase figures which show that advances of new instalment credit in June by finance houses and retailers of £231m. were about the same as in April and May.

HP CREDIT AND RETAIL SALES

Year	Month	New credit extended by:		Total debt outstanding		Retail volume (revised)	
		Finance Houses	Retailers	£m.	£m.	Total (1971=100)	Durable goods shops
1975	1st	286	425	2,265	1,113	129	
	2nd	289	426	2,266	1,089	130	
	3rd	303	445	2,257	1,055	111	
	4th	303	444	2,320	1,058	112	
1976	1st	343	495	2,297	1,073	118	
	2nd	385	488	2,363	1,067	121	
1976	Jan.	111	171	2,299	1,094	125	
	Feb.	111	165	2,296	1,071	121	
	March	121	159	2,297	1,055	112	
	April	127	164	2,320	1,085	128	
	May	128	165	2,356	1,057	117	
	June	132	159	2,363	1,061	119	

Source: Department of Industry.

Plan for 10% benefit cut at London Indemnity

BY ERIC SHORT

THE 54,000 policyholders in London Indemnity and General Insurance, the life company subsidiary of failed Jessel Securities, are being asked to accept a 10 per cent. reduction in benefits as the price of being rescued by a consortium of 44 insurance companies.

Unsecured creditors are offered 70p in the pound and shareholders £10 each under the terms contained in a Scheme of Arrangement sent yesterday to policyholders.

The document reveals that the liabilities of London Indemnity amount to £94.5m., of which £69.2m. is in income and growth bonds and £14.5m. in annuities. The present value of the assets is about 70 per cent. of this figure.

At present the value of the investment of the company in its parent Jessel Securities is nominally just under £10m.—is written down to one-quarter. Bondholders under the scheme will also lose their guaranteed value on early cash-in. In future all surrendered values will be calculated on an actuarial basis.

For a period of two months after acceptance of the scheme, however, policyholders will be paid a winding-up value of 70p in the pound if this is higher than the calculated value.

The Policyholders' Protection Act, which guarantees 90 per cent. of benefits on liquidation, does not apply to London Indemnity. Details Page 14

Continued from Page 1

Iran deal with BAC and Shell

at least two years. Until delivery, the crude purchased will be placed in an interest-bearing account controlled by Iran.

The General did not comment on reports that Iran was seeking a stake of up to 25 per cent. in the two oil independents.

Ray Darter, Energy Correspondent, writes: Although the Government does not go out of its way to encourage barters, it favours the proposed arrangement as a stimulus to British industry.

Earlier this year a trade mission, led by COMPE, the trade association of British petroleum equipment suppliers, visited Iran. The 21-member team commented that the export mission had opened up a vast potential of orders.

Neither the Department of Trade nor Shell would comment on the possible deal last night.

Nevertheless, the arrangement was in line with Iranian trading pacts now being considered by other countries.

Studying France has been studying a proposal whereby Iran would directly sell its crude in return for deliveries of industrial equipment. This scheme is analogous to one involving the U.S. Several American companies have been holding talks with Iran about the possibility of bartering millions of pounds worth of oil for sophisticated military aircraft.

The arrangements partly reflect recent difficulties encountered by Iran in selling its oil on world markets, particularly its heavy crude. Demand is now picking up, however. For the first time in almost two years Iran's oil production exceeded 6m. b/d in June. Total production averaged 6.0m. b/d with exports at 5.8m. b/d.

Greek-Turkey tension mounts over Aegean

BY OUR CORRESPONDENTS IN ANKARA AND ATHENS

THE SIMMERING conflict between Turkey and Greece over territorial rights in the Aegean Sea threatened to boil over yesterday, with Turkish refusal to withdraw an oil exploration vessel from the area claimed by the Greeks, and a Greek decision to request an emergency meeting of the UN Security Council.

While Greek Opposition leaders urged the Athens Government to take a tougher stand against alleged Turkish violations of the Greek continental shelf, even advocating the use of force, Mr. Suleyman Demirel, the Turkish Premier, gave a clear hint that the dispute could lead to military action.

The dispute has blown up since the Greeks discovered oil off the island of Thasos in 1973. Mr. Demirel was unequivocal in his rejection of a second Greek protest over the seismic soundings being carried out in the Aegean by the Turkish research vessel Sismik 1.

The protests also warned that the Greeks would adopt measures to safeguard their sovereign rights, the Turkish sources said. Turkey rejected both protests, and urged the Greek Government not to interfere in the activities of Sismik 1.

Both Turkey and Greece have ordered increased military readiness. The Turkish Aegean Army and units in Thrace, where Turkey and Greece have a 130-mile long common frontier, have been put on a "state of vigilance". The Aegean army is not under the Nato command, as are the other three Turkish armies.

Following these developments, diplomatic observers in Ankara are losing confidence in their earlier insistence that a military confrontation was unlikely.

The two countries have already held two rounds of talks without apparent progress. It is unlikely now that a third round of talks will be held in present circumstances.

In Athens, Greek Government sources suggest that Mr. Demirel was seeking internal political kudos from the confrontation, especially after the warm reception given to his predecessor, Mr. Bulent Ecevit, on his recent visit to Washington.

The decision to go to the UN was taken at a meeting of the Greek inner Cabinet, presided over by Prime Minister Constantine Karamanlis. The Government still prefers to have the International Court at The Hague delineate the continental shelf in contested areas of the Aegean.

Further growth seen in Japanese economy

BY REGINALD DALE

A CONTINUED upswing in the Japanese economy over the next 12 months is forecast by the Paris-based Organisation for Economic Co-operation and Development in its latest annual report on the country, published today.

But the organisation warns that uncertainties are inevitable in its projections and that a new burst of inflation cannot be ruled out.

The growth of real Japanese GNP may reach an annual rate of about 7 per cent. in the first half of next year, and the rise in consumer prices an annual rate of 9 per cent.

The current account surplus, which was running at a seasonally adjusted annual rate of about \$5.4bn. in the first five months of this year, is expected to be progressively reduced, declining to perhaps \$1.23bn. over the 12 months to mid-1977.

Underlining one major source of uncertainty, the OECD report says the sharp upturn of activity in the first half of 1976 is due to a very strong rise in exports, which are expected to slow down considerably in coming months. It is a matter of some doubt whether domestic demand will replace exports sufficiently early as a source of buoyancy. It warns. On the other hand, a stronger development cannot be ruled out—for example a more prolonged export boom than forecast, which could influence business investment in equipment and stocks, or some appreciable

decline in the household saving ratio.

The second important uncertainty concerns prices. "The rise of industrial wholesale prices has been pronounced in recent months and import prices could rise significantly, depending on the trend of world market prices and on the technical assumption of an unchanged effective exchange rate."

Unemployment may edge down only slowly, from 1.9 per cent. seasonally adjusted, in the first quarter of 1976 to around 1.6 per cent. by mid-1977. In spite of some absorption of economic slack, the margin of unused resources is expected to remain substantial.

Consensus

The report points out that the recently approved plan for the fiscal years 1976-80 projects an average rate of GNP growth of slightly more than 6 per cent., reflecting a general consensus in Japan in favour of slower expansion in the future with less pressure on total resources and a shift from business investment to welfare-orientated national expenditure.

The projection implies a trend rate of growth of only 4.8 per cent. from 1973 to 1980 and is based on the assumption of a slow expansion of world trade. But the plan explicitly forecasts a higher than average rate of expansion during the first part of the five-year period.

Editorial comment Page 12

Weather

U.K. TO-DAY
MAINLY DRY with bright intervals. Cloudier, with some drizzle in N.W. Scotland.
London, S.E. E. Cent. S. N.W. England, E. Anglia, E. Midlands, Channel Is. N. Wales, Lakes, L. of Man, S.W. Scotland.

BUSINESS CENTRES	Y'day	Mid-day	T'day	Y'day	Mid-day	T'day
Amsterdam	15	15	15	15	15	15
Bombay	25	25	25	25	25	25
Buenos Aires	25	25	25	25	25	25
Calcutta	25	25	25	25	25	25
Canton	25	25	25	25	25	25
Cebu	25	25	25	25	25	25
Colon	25	25	25	25	25	25
Hankow	25	25	25	25	25	25
Harbin	25	25	25	25	25	25
Hong Kong	25	25	25	25	25	25
Kobe	25	25	25	25	25	25
London	15	15	15	15	15	15
Lyons	15	15	15	15	15	15
Manila	25	25	25	25	25	25
Medan	25	25	25	25	25	25
Shanghai	25	25	25	25	25	25
Singapore	25	25	25	25	25	25
Sourabaya	25	25	25	25	25	25
Tokyo	25	25	25	25	25	25
Yokohama	25	25	25	25	25	25

Glasgow, Argyll, Highlands, N. Ireland.
Mostly dry with bright intervals. Max. 22C (72F).

N. Midlands, S.W. Cent. N. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth.
Mostly dry; some sunny spells. Max. 23C (73F).

HOLIDAY RESORTS	Y'day	Mid-day	T'day	Y'day	Mid-day	T'day
Algarve	25	25	25	25	25	25
Amalfi	25	25	25	25	25	25
Antalya	25	25	25	25	25	25
Barcelona	25	25	25	25	25	25
Batumi	25	25	25	25	25	25
Bombay	25	25	25	25	25	25
Buenos Aires	25	25	25	25	25	25
Calcutta	25	25	25	25	25	25
Canton	25	25	25	25	25	25
Cebu	25	25	25	25	25	25
Colon	25	25	25	25	25	25
Hankow	25	25	25	25	25	25
Harbin	25	25	25	25	25	25
Hong Kong	25	25	25	25	25	25
Kobe	25	25	25	25	25	25
London	15	15	15	15	15	15
Lyons	15	15	15	15	15	15
Manila	25	25	25	25	25	25
Medan	25	25	25	25	25	25
Shanghai	25	25	25	25	25	25
Singapore	25	25	25	25	25	25
Sourabaya	25	25	25	25	25	25
Tokyo	25	25	25	25	25	25
Yokohama	25	25	25	25	25	25

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